

**ENTREPRENEURSHIP AMONG POST-
SOCIALIST AGRICULTURAL
PRODUCERS: THE CASE OF BULGARIA**

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**A thesis submitted to the University of Gloucestershire
in accordance with the requirements of the degree of
Doctor of Philosophy in The Business School**

February 2010

ABSTRACT

This research is concerned with exploring differences in the meaning of entrepreneurial behaviour among owner-managers of agricultural enterprises in Bulgaria. It aims to gain a better understanding of the origin and development of small businesses in a post-socialist context. Entrepreneurial behaviour is understood as the start-up and development of a new business and is examined through the views and experiences of agricultural producers. An exploratory conceptual framework, encompassing the individual owner-manger, the enterprise and the family, is developed to guide the investigation. It facilitated an analysis of the entrepreneurial process and the relationship between agricultural producers and their enterprises, while also taking into account the possible influences of involved family members. Data were drawn from qualitative face-to-face interviews with a diverse sample of 83 agricultural producers in four rural settlements. The respondents represented different demographic characteristics and agricultural sub-sectors.

The findings from this exploratory research provide useful insights into the entrepreneurial behaviour of Bulgarian agricultural producers. Different patterns of engagement with the agricultural enterprises emerge. These are explained through start-up motivations and growth aspirations and achievement, which in turn are related to differences in the scale of enterprises. Furthermore, patterns of engagement are related to differences in orientation towards self-employment and adoption of the role of owner-manager. Start-up motivations are associated with a complex interaction of different factors. They are also strongly related to the post-socialist context as represented by macro-level changes. The interviewees recognised and reacted differently to these changes. Presence of involved family members could have either a positive or negative influence on the start-up of new additional activities or the enlargement of existing ones. Contextual issues like the post-socialist background, culture and family contributed to a better understanding of the businesses and entrepreneurial behaviour. The results suggest that the entrepreneurial behaviour of post-socialist agricultural producers requires further research in order to gain an in-depth understanding of why they undertake their own business.

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas.

Any views expressed in the thesis are those of the author and in no way represent those of the University.

Signed  Date 11-11-2011

ACKNOWLEDGEMENTS

There are a number of people without whom this thesis might not have been written, and to whom I am greatly indebted. I am thankful for having had the chance to work with three experienced academics who I would like to address according to the order in which they became participants in this work. I would like to thank Prof. Bill Slee for providing me with the opportunity to undertake the doctoral study and guiding me through my first experiences with this research. I am thankful to Prof. Ged Watts for giving me an extensive amount of time to discuss my research and for always having constructive comments to offer. I am deeply indebted to Prof. Brian Ilbery for thoroughly reviewing this thesis and earlier drafts and providing me with invaluable support to help me become a self-reliant researcher. My gratitude extends to all interviewees and facilitators from my field data collection experience, for taking the time and being part of this research; and for letting me know about their lives and businesses. I am greatly indebted to Dr. Lee-Ann Sutherland and Dr. Mariya Peneva for being encouraging, sharing their experiences with me and caring enough to provide me with their opinions on my work. I would also like to acknowledge the financial assistance provided by the University of Gloucestershire which enabled me to undertake this postgraduate degree and implement the research. Last but not least, I am thankful to my parents for their encouragement and care.

To Vincent

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LIST OF ABBREVIATIONS

BGN	Bulgarian New Lev (after denomination in 1998)
CAP	Common Agricultural Policy of the European Union
CEE	Central and Eastern European
CEEC	Central and Eastern European countries
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
Ltd.	Limited Liability Company registered under the Commercial Law
MAF	Ministry of Agriculture and Food (Bulgaria) as of 2007; previous name Ministry of Agriculture and Forestry using the same abbreviation
OECD	Organisation for Economic Cooperation and Development
SAPARD	Special Accession Program for Agriculture and Rural Development
UNDP	United Nations Development Program
USSR	Union of Soviet Socialist Republics
UAA	Utilised Agricultural Area

CHAPTER ONE

INTRODUCTION

Agriculture plays a major role in the social and economic life of European rural areas. Furthermore, it is an important economic sector in the former socialist countries of Eastern Europe, including Bulgaria which provides the case study for this research. Despite the intended industrialization and urbanization of the country during the socialist period, Bulgaria maintained some long lasting and persistent rural traditions, where agriculture played a focal role in the economic and social life of the rural population (Meurs 1998; Giordano and Kostova 2000a). The post-socialist transition period is marked by large numbers of new enterprises, both in the agricultural sector and the rest of the economy. The vast majority of these are of a small and micro scale. Indeed, the most recent agricultural census data suggest that more than half a million people participate as self-employed in the Bulgarian agricultural sector and, for a large proportion of these, agriculture is not the only income source (MAF 2006a).

This thesis examines the entrepreneurial behaviour of owner-managers in the Bulgarian agricultural sector and the introductory chapter includes three main sections. The importance of this research, its purpose and rationale are the subject of the first section. Section two outlines the aim and objectives of the research, before the structure of the thesis is presented in the third section.

1.1 Entrepreneurship and post-socialist agricultural production

This research aims to understand the meaning of entrepreneurial behaviour for owner-managers in the farming¹ sector in Bulgaria. Furthermore, by investigating differences among farmers with respect to their entrepreneurial behaviour, it seeks to gain a rich understanding of the origin and development of small businesses in a post-socialist context. In addition, the research focuses on a hitherto relatively unexplored population and socio-economic context.

¹ The terms 'farming' and 'agriculture', as well as 'farmer' and 'agricultural producer', are used interchangeably in this research.

There is much research on various aspects of the post-socialist transition and the interest of academics has been drawn by the change processes that have affected the economies and societies of the former socialist countries. However, there is scant research on the entrepreneurial behaviour of agricultural producers in post-socialist countries and especially in Bulgaria.

The East European agricultural sector has experienced major structural changes in terms of ownership, production and organisation. These changes have received attention from researchers in terms of the mechanisms and implementation of agricultural and land reform (for example, Swinnen 1997a). Emerging organisational structures have been analysed mostly at an aggregate sectoral level (for example, Sarris *et al.* 1999). In more recent years, issues of agricultural policy in relation to pending European Union (EU) accession became the focus of research (e.g. Erjavec *et al.* 2002; Ivanova *et al.* 2007). These studies offered a macro-level perspective and examined generalised outcomes of transition processes.

Micro-level analyses of the entry into farming in the former socialist states have focused on either the enterprises or the households and again offered a generalised view of the processes of the post-socialist transition (for example, Rizov *et al.* 2001). Other research has been interested in economic aspects, such as efficiency, competitiveness, diversification and the motivations driving the development of post-socialist agricultural enterprises (Malamova 2000; Chaplin *et al.* 2004; Kaneva *et al.* 2005). These studies provide outcomes that are useful for explaining performance and decision-making in those businesses. However, they tend to assume that all people or businesses behave in the same way. While, enterprises and households have received considerable attention, little research has focused on individual farmers as business owner-managers in the post-socialist context.

The experiences of individuals in post-socialist countries and Bulgaria in particular have been the focus of primarily anthropological studies. These have provided useful insights into the everyday life experience of individuals in relation to transition processes (Carter and Kaneff 1998; Creed 1998). However, they are oriented towards the population in general rather than owner-managers in particular and offer only partial insights into entrepreneurial behaviour.

Interest in entrepreneurship among farmers has come mainly from researchers examining how it has developed in association with changes in the Common Agricultural Policy (CAP) of the EU. One particular focus has been on searching for ways of decreasing farmers' dependence on policy and state support. This particular perspective assumes that entrepreneurship will develop out of traditional farming, which is often associated with scale enlargement and specialization (De Lauwere 2005). However, it has been recognised that post-socialist countries offer different starting points and operating contexts for owner-managers in the agricultural sector, suggesting that this particular perspective is not easily applicable to them (Chaplin *et al.* 2004; Swain 2004).

Furthermore, research on entrepreneurship among farmers often focuses on specific empirical examples in order to illustrate the above perspective and to develop the field in line with it (Brunåker 1993; Marsden *et al.* 2002; Pyysiäinen *et al.* 2006). Thus consideration of a larger population of agricultural producers will help to provide a better understanding of potential differences among farmers with respect to their entrepreneurial behaviour. Indeed, some research has applied conceptual developments from the broader entrepreneurship field to the entrepreneurial behaviour of farmers (Carter 2001; Alsos *et al.* 2003a). As a result, diversified agricultural enterprises are often seen as portfolio small businesses. A small business perspective is useful for research on agricultural enterprises as it shares common features with this research. One key common feature is the role of family, which is significant both for agricultural enterprises and small businesses in respect to the behaviour of the owner-manager.

The small business perspective on entrepreneurship has developed by focusing primarily on the individual as the unit of analysis in an attempt to understand why people undertake their own business. Furthermore, a growing body of research within this perspective applies more interpretative approaches to help explain entrepreneurship (Jennings *et al.* 2005). Accordingly, entrepreneurship is situational, conditional upon the circumstances of people's lives and related to changes in the wider context (Steyaert 1997; Bygrave 1989, 2007). It follows from this that comparing entrepreneurs with non-entrepreneurs at a certain point in time makes little sense; instead the focus should be on people making different decisions in the entrepreneurial process (Shane *et al.* 2003). A similar trend is observed in more general research on farmers' behaviour. Application of interpretative approaches has revealed the presence of heterogeneity among farmers

who have often been treated as a homogeneous population in terms of behaviour and the meaning of farming (Morris and Evans 2004).

The above academic context provides the rationale for this research – to capture the different perspectives of farmers on entrepreneurial behaviour and to relate these to their resulting businesses in order to gain a better understanding of the processes of enterprise creation and development. For this present study the unit of research is the owner-manager as an individual, considered within the context of her/his family. The empirical analysis is based on the viewpoints of agricultural producers in Bulgaria and the research is concerned with the relationships and interactions between:

- individuals (owner-managers in the agricultural sector);
- their businesses (agricultural and non-agricultural enterprises); and
- their families (if relevant).

1.2 Research aim and objectives

The aim of this research is to explore patterns of enterprise creation and development among owner-managers of small-scale agricultural enterprises in Bulgaria with a view to gaining a richer understanding of the origin and development of small-businesses in a post-socialist context.

In order to fulfil this research aim, the following objectives have been formulated:

- To identify patterns of enterprise start-up and development among small-scale agricultural producers in Bulgaria.
- To explore and interpret the key motivations associated with their enterprise start-up.
- To critically investigate the role of the owner-manager in patterns of enterprise development.
- To examine the role of the family in enterprise start-up and development.

1.3 Structure of the thesis

This thesis is structured into three main parts. The first part includes three chapters and aims to contextualise the current research in relation to previous research and to develop a conceptual framework that informs the choice of applied research methods. Part two also contains three chapters and provides the main analysis of empirical data and discussion. An evaluation of the key findings from the research and an overall conclusion are provided in part three. The structure of this thesis is briefly outlined in Figure 1.1. This is followed by summaries of the content of each chapter.

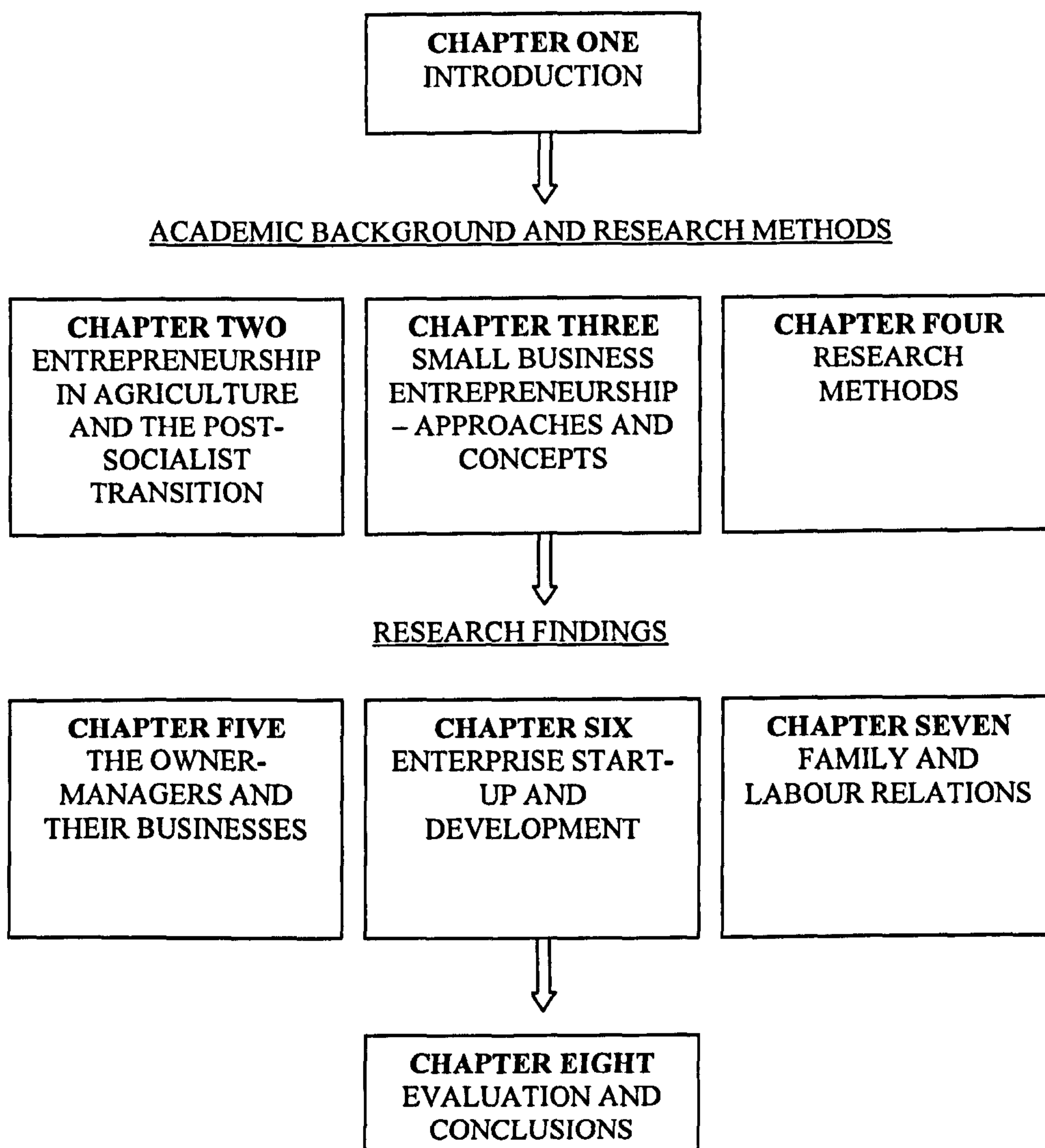


Figure 1.1: Structure of the thesis

The main contextual and conceptual elements of the thesis are discussed in Chapters Two and Three. Chapter Two draws parallels between agricultural enterprises and small businesses which are additionally strengthened when the family aspect is considered. Furthermore, it sets out the post-socialist country context for entrepreneurial behaviour and provides an overview of the origin of interest in entrepreneurial behaviour in the agricultural sector.

Chapter Three reviews key trends in the entrepreneurship literature. It presents and discusses three main approaches to entrepreneurship research, assessing their usefulness for this research on entrepreneurial behaviour in agriculture and especially with respect to farmers in Bulgaria. One of these is further employed in helping to develop an integrated conceptual framework to direct the empirical investigation.

Chapter Four explains the different methods and tools used during the implementation of the research. It describes the procedures for selecting the different rural research sites and the sample of interviewees. A diverse sample of agricultural producers was recruited in terms of demographic characteristics, agricultural sub-sectors and geographical regions. The chapter then explains the steps and methods of data collection, followed by a discussion of the analytical procedures to be applied to the data. The list of questions used for interviewing and a brief description of the study sites are provided as appendices.

The first chapter of empirical findings is presented in Chapter Five. It aims to provide insights into the sectoral and economic contexts of the owner-managers. The chapter discusses the socio-demographics, business characteristics and occupational backgrounds of the farmers; the main objective is to present a detailed picture of the interviewees and their economic activities. Furthermore, it analyses current patterns of business ownership in relation to previous occupational experience and status with respect to employment.

Chapter Six extends the analysis by exploring the start-up motivations of the farmers in order to gain insights into their reasons for undertaking self-employment. These are related to the characteristics of the farmers and their enterprises. Key aspects of enterprise development are examined through growth rates and attitudes; these are further enriched by insights into financial borrowing and the potential impact of

pending EU accession on enterprise development and growth². In addition, this chapter discusses individuals' patterns of engagement with their enterprises. These are relevant to the interpretations and understanding of the connection between motivations, growth achievement and aspirations and the resulting businesses.

The final empirical chapter, Chapter Seven, continues by exploring the role of the family in the entrepreneurial behaviour of the respondents and their businesses. It provides insights into the interrelation of family dynamics and relationships with the owner-manager and the business. Furthermore, it extends the findings on start-up and development of the enterprises by investigating the motivational role of family members. It also examines the relationships between generations in the family, in the context of the business. Lastly, it discusses the role of family members in labour and partnership relations, and some emergent findings on labour relations with non-family members are presented.

Chapter Eight evaluates the key findings from the research and provides some overall conclusions. It assesses the results in relation to both the aim and objectives of the research and the reviewed literature. Some emergent conceptual issues that were not considered in the initial conceptual framework developed for the research are then highlighted. The chapter and thesis concludes by identifying some of the limitations of the adopted research methods and suggesting directions for future research.

² The empirical data were collected before Bulgaria joined the EU.

CHAPTER TWO

ENTREPRENEURSHIP IN AGRICULTURE AND THE POST-SOCIALIST TRANSITION

The concept of entrepreneurship has previously been developed through research on predominantly non-agricultural business units. This chapter aims to contextualise the research on entrepreneurial behaviour in both the agricultural sector and a post-socialist country setting. It includes three main sections. The first discusses the specifics of agricultural enterprises and draws parallels with the small business literature. The post-socialist country context is reviewed in the second section and the third section offers a critical overview of available literature on entrepreneurship in agriculture in general and in post-socialist countries in particular.

2.1 Agricultural enterprises as small business

Entrepreneurship research is associated with small business creation and development (Bridge *et al.* 2003; Gartner *et al.* 2004; Carter and Jones-Evans 2006). This section stresses the similarities between small businesses and farm businesses. Furthermore, it argues that these are a fertile ground for considering the outcomes of the two almost independently developing bodies of literature in an integrative manner. It also points to several agriculture-specific issues which are considered contextual for entrepreneurial behaviour among farmers, such as family aspect, rurality and scale of business.

In its common case, agricultural production is organised as a small-scale economic activity according to the turnover and number of people employed (occupied) in it (Van der Ploeg and De Rooij 2000; Warren-Smith and Monk 2007). However, it is not considered together with other small businesses and studying agricultural and non-agricultural businesses separately is a rule rather than an exception (Carter 2003). Owner-managers' farms often carry the characteristics, and resemble the behaviour, of non-farming small businesses. However, researchers of small businesses would not consider focusing on farms, and the researchers of farms would not consider paralleling them with other small businesses. With minor exceptions, authors working in the two fields do not follow each other's developments and, as a result, the literature on small

businesses and farming has developed relatively independently. This can be attributed to the historically-rooted division in the social sciences and in policy views, where agriculture has been seen as a sector that needs separate and special attention (Phillipson *et al.* 2004). It has been further translated to the structures of academic institutions and has impacted on the work of researchers. Authors in the rural development field often take a well-argued choice to focus their research on either agricultural actors or all other economic actors except for those in the farming sector. For example, the rural non-farm economy receives specific attention because of policy interests (Davis and Bezemer 2004; Davis 2006; Chaplin *et al.* 2007). This reinforces the existing segregation between the fields.

However, a number of similarities between small businesses and small farms can be identified from the respective bodies of literature. They are summarised on the basis of two main references: Carter and Jones-Evans (2006) and Gasson and Errington (1993)

- Comparable economic scale, often dependent on the sole involvement of one individual or one household;
- Similar capital formation – the use of own savings, inheritance or having similar issues regarding bank credits;
- Similar motivations;
- Similar degree and character (pattern) of involvement of the owner-manager.

2.1.1 Family aspect

The family is another bonding element between agricultural enterprises and small businesses. Considering the family aspect in entrepreneurial behaviour requires taking into account “the cultural, industry setting and organizational context within which entrepreneurs are embedded” (Morrison 2006, p.204). Small business is not necessarily always a family business, but this is predominantly the case (Fletcher 2006). The family farm is the basic organisational form in agriculture (Van der Ploeg and De Rooij 2000; Hildenbrand and Hennon 2005). Family businesses and family farms have been defined from different starting points in their respective bodies of literature. The family farm is associated with a household that derives most of its income from a single farm enterprise, which is owned and run by that household. Family business is associated with the degree of involvement of household members in the business owned and run by them (Sharma 2006). And the focus is on decision-making involvement rather than

involvement in general. The main characteristics of family businesses are that control and capital are family-based (Westhead *et al.* 2002) and the same applies to family farms. A major difference between the constructs of family farms and family businesses is that, in the common case, the family farm is expected to have the substantial (if not the only) contribution to the livelihood of the household. In contrast, the literature on family businesses does not specify whether family members have to make their living mostly from it.

The entrepreneurship literature suggests that family businesses focus on the long-term because of generational transfer issues that influence their goals and motivations (Kuratko and Hodgetts 1998). Family farms are also oriented towards the long-term, especially regarding the perspectives of succession (Gasson and Errington 1993). The owner-manager in both cases is driven by the motivation to ensure a successor and to ensure there is something to be succeeded. There is a relationship between the presence of a successor for the farm and the observation of capital consumption behaviour (Gasson and Errington 1993; Loblely and Potter 2004) or willingness to develop and invest in the agricultural operation (Bryden *et al.* 1993). Researchers on agricultural enterprises further noticed that the structure and size of businesses are influenced by the life cycle of the family (Gasson and Errington 1993). Furthermore, family business researchers have suggested that the relationship between family and business varies according to the structure and size of the business (Fletcher 2006).

Family issues appear to have a strong influence on entrepreneurial behaviour, both in the cases of agricultural enterprises and of small businesses. Interconnectedness between social and business systems is observed in both cases (Morrison 2006). The literature suggests that the influence of the environment as a trigger for decision-making will not be processed by a single individual in isolation but rather by the whole family as a socio-cultural sub-system (Sachs 1973; Gasson and Errington 1993). Small business diversification combines business objectives with the interests of the family (Carter *et al.* 2004). Studies have acknowledged that the involvement of family members in farm business activity has an impact on the pattern of development of that activity (Brunåker 1993). The choice of members of the agricultural household towards one or another activity will depend on the structure of that household, the conditions in the agricultural sector and the opportunities for finding a job (Alsos *et al.* 2003a).

2.1.2 Rural aspect

The agricultural context is part of a broader rural context. 'Rural' is first of all a socio-economic and then a geographical construct. Agricultural studies often subtract the agricultural from the rural. Agricultural enterprises and their owner-managers³ are linked to the rural environment in multiple ways. It has been noted that rural regions have a less developed entrepreneurial environment⁴ in comparison to urban regions (Malecki 1997). And that access to markets is relatively restricted in rural areas (OECD 2003). Furthermore, agriculture is the most widely practised economic activity in the rural areas of post-socialist countries, which is not the same case with old EU member states⁵. Nevertheless, authors argue that rural development in the European Union should be agriculture-based (e.g. Van der Ploeg *et al.* 2000).

Some studies are trying to define rural entrepreneurship as a distinctive field within the entrepreneurship literature. Entrepreneurship in a rural development context is defined as "innovative behaviour, looking for new business opportunities by using all the resources of the countryside" (Euracademy Association 2004, p.9). Such a definition does not illustrate sufficiently the entrepreneurial phenomenon. The importance of examining rural entrepreneurship (which includes both agricultural and non-agricultural businesses), because of its role in rural development through providing income sources and other means of living to rural communities, is emphasized by Wortman (1990). Rural entrepreneurship deserves attention, but researchers should approach with caution

³ This study is using the widely-known concept of owner-manager, but this concept needs to be expanded. In this case, the owner-manager is about the particular enterprise rather than the physical and financial assets. Drawing on studies examining land tenancy patterns in post-socialist Bulgaria (Kopeva and Noev 2001; Palmer and Evtimov 2005), it can be expected that often the owner-manager of the farm unit is only a tenant of part of the cultivated land and, although the main act of land cultivation is observed, during different periods of time, it can be practised on different rented/leased plots of land.

The notion of owner-occupier is not useful because life in Bulgaria is organized in nuclear settlements, and farmers actually do not live on their farmland. The agricultural lands surround the settlements and there is legislation against constructing buildings on them without special permission. Thus the image of a farmstead, which is situated on the land of the farm and where the farmer occupies it, while being a farmer, is not applicable. Bulgarian farmers cannot be called owner-occupiers in this sense.

⁴ Key elements of the entrepreneurial environment are the networks of entrepreneurs, other businesses and the institutions providing capital, information and other forms of support (Malecki 1997).

⁵ EU enlargement processes from the beginning of the 21st century are marked by introducing the biggest diversity and discrepancy between member states ever observed. An illustrative division of 'old' member states and 'new' member states has already been introduced through academic and policy-related publications. The old member states comprise those who joined the union prior to 2000 and include: Belgium, Germany, France, Italy, Luxemburg, Netherlands, Denmark, Ireland, United Kingdom, Greece, Spain, Portugal, Austria, Finland and Sweden. The new member states comprise those who have joined after 2000: Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia, Bulgaria and Romania. Apart from Cyprus and Malta, the new member states are also post-socialist countries.

the degree to which they conceptualise entrepreneurship as rural. For example, Wortman (1990) suggests that one can develop the psychological profile of the rural entrepreneur, which implies that rural entrepreneurs might exhibit different psychological characteristics from other entrepreneurs. This degree of differentiation is unnecessary because the rural setting is related to a different environmental context, and searching for a specific psychological profile will not help develop rural entrepreneurship.

Nevertheless, the network concept is an acknowledged perspective for studying entrepreneurial behaviour with respect to a particular environmental context (O'Donnell *et al.* 2001). Furthermore, the social networks of owner-managers in rural locations have been acknowledged by previous research as having a role in enterprise start-up and development (Flora and Flora 1993; Skuras *et al.* 2000; Atterton 2007). This stream of research is part of a broader literature on entrepreneurship and social networks (Aldrich and Zimmer 1986; Greve and Salaff 2003; Hoang and Antoncic 2003; De Carolis and Saporito 2006). It examines the role of networks from two broad aspects: first, the networking behaviour of the individual; and secondly, the structural characteristics of the social networks.

Access to resources has been a key research finding associated with networking behaviour and the types of networks that facilitate it (Jenssen and Koenig 2002). Informal social networks have been found to have higher significance for entrepreneurial behaviour both in rural and post-socialist contexts (Aidis 2003; Atterton 2007). Smallbone and Welter (2001) identified personal networks as a key factor in the start-up and development of businesses in transition economies. The authors reported that these networks were mainly for transferring information, but they can also provide access to resources that are vital for undertaking and implementing entrepreneurial activity. Some studies have focused specifically on the start-up stage when evaluating the role of networks in entrepreneurship (O'Donnell *et al.* 2001; Jenssen and Koenig 2002). With respect to network structure, studies have reported that network density is lower in rural areas (OECD 2003). This holds true for both social and business networks when they are assessed against their usefulness for business activity.

2.1.3 Scale of enterprise

Although the economic organisation is not the main focus of this research, there are some organisational characteristics that have direct implications for entrepreneurship research. The most important among these is the size of the organisation. The size of enterprises may be related to various advantages and disadvantages with respect to entrepreneurship. Most apparently, size has a role when it comes to availability and access⁶ to resources (Malecki 1994). Hayami (1981) notes that large-scale farmers manage to obtain inputs at lower cost prices. Among all agricultural producers that aim to cut their costs, the small-scale ones are in a more disadvantaged position. Vesala and Peura (2005) reported that the size of business influenced the different levels of personal control exerted by the entrepreneur. Nevertheless, small-scale enterprises are more informal in their business networks and this can shorten the link between means and ends (Conway and Jones 2006). They can also be more flexible in changing the nature of economic activity due to smaller sunk costs.

The size of an enterprise (economic activity, in case of pluriactivity) can be quite an arbitrary notion. Research experience shows that, for different purposes, there are different sizes that can be defined as large or small, and there may be no cross compliance among studies but rather ambiguity and overlap. Expecting that all smallholders are subsistence-oriented is a wrong assumption (Cartwright and Swain 2002). Furthermore, the literature assumes that small-scale agricultural holdings are poor (Boussard 1992). According to Swain (2000a), large-scale farms are viable irrespective of their organisational form. In contrast, very small-scale farms are not viable, but will persist for some time because of their importance for the household's livelihood.

Similarly, scale is an issue in entrepreneurship research. Bygrave (2007) points out that the 'part-time' mode and the 'no employees' mode are characteristics of entrepreneurial behaviour and account for the majority of small businesses. This suggests that the small business population includes very few examples that will grow above the micro-scale. Organisationally and with respect to growth, small-scale and large-scale businesses are substantially different and some authors illustrate this with a metaphor by comparing them to a caterpillar and a butterfly (Penrose 1959; Freel 1999; Bridge *et al.* 2003;

⁶ Resource-rich organisations own more assets which can be used to guarantee credit.

Smallbone and Wyr 2006). The same sources suggest that very few businesses achieve substantial growth. The majority remain small-scale and their goals and strategies are different from those businesses that achieve high growth (Freel 1999).

In studies on the development of agricultural enterprises, there is an emphasis on increasing the scale and use of capital. This is in line with the orientation of policies towards agriculture. As previous studies have shown, small size does not necessarily mean an inefficient operation or an impoverished owner because people often practise other income-generating activities alongside agriculture (Bryden *et al.* 1993; Carter 2001). The literature further suggests that the growth aspirations of small businesses can be overwhelmed by an unwillingness to experience substantial structural changes (Scase and Goffee 1987; Carter 2001). A specific focus on farmers as individuals reveals that older farmers can be expected to be less inclined towards new undertakings (McElwee 2005). This is in line with Gasson and Errington (1993), who pointed out that older farmers are more risk-averse than younger ones.

2.2 The post-socialist context

The post-socialist context has an influence on entrepreneurship in agriculture in several ways. First, it has shaped the structure and character of the agricultural sector. Secondly, it has left a distinctive mark on the people who would undertake entrepreneurial activity in the agricultural and broader rural setting. Thirdly, post-socialist countries are characterised by unique economic and social conditions.

The rest of this section introduces the historical, social and economic background of the studied population. It also presents a synthesis of contemporary developments, within which the research is contextualized. Although it can be stated that Central and Eastern European (CEE) transition countries have the same post-socialist background, there are, in fact, important differences which contribute to varying conditions for entrepreneurship in each of these countries. These differences relate to the agricultural sector in particular (for overview see Swain 2000b). Davidova *et al.* (2003) further assert that there are also differences in the abovementioned conditions within countries at the regional level. Creed (1998) elaborates the issue further by pointing out that the different starting points for the discontinuation of socialism led to different trajectories of transition for the post-socialist countries. Apparently, it depends on the balance

between macro- and micro-levels used in different studies. The closer the study is to the micro-level of analysis, the more influenced it is by country-specific differences. On the other hand, the higher the level of aggregation at the macro-level, the more post-socialist countries look alike and parallels between them are easier to draw.

For example, in Poland collectivisation was abandoned during the 1950s and three-quarters of the agricultural land remained under private ownership and tenure (Repassy and Symes 1993). Thus one would expect an established tradition in both private ownership and independent farming. However, the conditions during socialism in Poland have not allowed for the same degree of consolidation and reduction in the number of farms (Swain 2001) that have been observed in the old member states during the second half of the 20th century (Bryden 2002). In Romania, the collective forms of agriculture dominated the lowlands but not the mountainous areas (Popov *et al.* 2001). As a result, people in the Romanian mountainous areas have more experience in independent farming and in establishing and running independent businesses in general. Rizov *et al.* (2001) confirm and elaborate these findings by asserting that there is a higher probability for starting individual farming in regions where individual farming has already been more widely spread during socialism. In Bulgaria, collectivisation was spread across the whole country, but the collective farms in the mountainous areas were formed during later stages of the collectivisation process and were characterised by a smaller size, in comparison to the cooperatives from the valleys and the lowlands (Meurs *et al.* 1999).

2.2.1 Pre-transition

Socialist agriculture was generally characterised by a dualistic structure, comprising large industrial-scale state or collective structures and small peasant-style holdings (Kostov and Lingard 2002).⁷ The latter often produced just for household consumption, where they were in effect subsistence farms, but they could produce both for personal consumption and commercial output. The two types of main structure were identified to be functionally related. This is because the small-scale 'private' production units depended on the product chains of the collective agricultural sector for the supply of inputs, mechanised cultivation of land and sales of outputs. On the other hand, the

⁷ An extensive historical overview of the collectivisation processes in Bulgaria is offered by Meurs *et al.* (1999).

socialist cooperatives often depended on the outputs of small-scale production for fulfilling their centrally set production targets (McIntyre 1988; Creed 1998). Throughout the agricultural sector, there was a domination by the collective state-controlled form of agriculture. In addition, private ownership of agricultural machines was prohibited (Meurs 1998). Agricultural enterprises were not formally institutionalised during socialism. They were called “personal plots” of the individuals / households (McIntyre 1988). As a result, the enterprises were not treated and seen as business units by their owner-managers and the state. This implies that they were part of the life of their owners rather than separate entities.

Agriculture as an independent economic activity has not been researched sufficiently in socialist countries. In his discussion of entrepreneurship in planned economies (in particular USSR, China and Hungary), Kent (1984b) provided mostly agriculture-related examples. The opportunity for individual economic initiative was specific to the agricultural sector. It was present to a greater extent here than in the non-agricultural sectors of the economy (McIntyre 1988). It seems to be the sector of the planned economy which used to have the relatively highest economic freedom compared to the rest. During the 1980s, ‘private’ agricultural production accounted for 25% of the agricultural output in Bulgaria (Lampe 1986). Meurs (1998) demonstrated tradition in the private production of milk, small livestock for meat and vegetables during socialism. Furthermore, Creed (1998) estimated that only 4.8% of the families who practised individual crop farming in Bulgaria during socialism offered their produce of fruit or vegetables on the market. On the other hand, 16% of the farming families offered meat produce to the market.

During socialism about 10% of the cultivated land in Bulgaria was tenured by individual agricultural producers and the rest was tenured by publicly owned entities. From published statistics, it can be suggested that the former were more labour intensive than the collective and state farms. For example, individuals tenured 20% - 25% of the perennials, which included orchards and vineyards, where areas varied from year to year. They were also responsible for more than half of the area under potatoes and between 40% and 50% of the area with corn. Secondary data also show that individuals practised arable agriculture predominantly for obtaining fodder produce. Other production where individual farmers accounted for shares of between 35% and 60% related to various types of vegetables. The yields obtained within individually-run

agricultural operations were higher than those in collective and state farms. Data also reveal that one third of the dairy cows were reared by individual farmers, two thirds of water buffaloes, more than three quarters of bee colonies and relatively large numbers of other livestock. These data show that individual agricultural producers had experience in viticulture and some fruit production like apples, cherries and strawberries, more than in others like apricots and peaches, for example. Similarly, they show that dairy farming and beekeeping was a traditional income-generating activity for individual farmers.⁸

The economic infrastructure of socialist-time rural areas was characterised by underdevelopment of the service sector (Momsen *et al.* 2005). Studies also noted that the rural population represented a skilful labour force with relatively high educational levels (Swain 2000b; Smallbone and Welter 2001). There is a widely spread culture in favour of employment as one of the resulting socialist legacies (Momsen *et al.* 2005). The ideology of the socialist regime implied a negative meaning for unemployment. It was condemned by the authorities and ideologically opposed to the working population of the country (Giordano *et al.* 2000). This reaches such an extent that pre-transition national statistics report full employment in Bulgaria (Giatzidis 2002). In addition, private economic initiative was not encouraged and even inhibited. Furthermore, the people who had experience in agriculture acquired it as employees because of the wage-labour character of socialist farm structures. Only a minority of them held management and decision-making roles.

Pre-transition sources of employment in rural areas are identified by Swain (2000b) as the three pillars of the socialist rural economy. These are:

- non-agricultural employment through commuting to industrial and/or urban centres;
- non-agricultural employment through the collective agricultural enterprises on site; and
- employment on the collective farms on site.

Acknowledging variations from region to region, each of these types of employment was negatively affected during the consecutive transition period. In many cases, they

⁸ Paragraph based on National Statistical Institute (1989, 1990).

have been completely eliminated as a result of the destruction of collective farms and the closure of enterprises in the urban areas (Carter and Kaneff 1998).

Practising a combination of agricultural and non-agricultural activities was common for rural as well as urban households in Bulgaria during socialism (Creed 1998). This is not to say that some members of the household were involved in the agricultural sector, whereas others were involved in non-agricultural sectors, but rather that in a pluriactive style the individual could be operating in both sectors at the same time, either as self-employed or as a combination of self-employment and employment.

2.2.2 The transition

The economic aspect of the post-socialist transition is represented by the transition from a centralized command economy to a market-driven economy. It draws along multiple social and economic changes. As a result, the post-socialist period is characterised by substantial changes in the structure of ownership, production and organisation. This sub-section presents the main political and economic changes that affect the agricultural sector and the population in rural areas. It reflects a macro-level point of view.

The agricultural transition in Bulgaria during the 1990s was underlined by land restitution⁹ processes in addition to the privatisation of state and cooperative agricultural assets. One of the immediate and obvious effects of transition was the acquisition of economically valuable resources in rural areas. The unexpected acquisition of resources can be considered to be a stimulating factor for entrepreneurship. The land restitution processes happened more or less irrespective of the will of the land owners – if they were entitled to receive land, they got it. On the other hand, acquisition of other necessary resources like various types of machinery depended to a great extent on the initiative of the rural population. Previous studies noted that offering cooperative assets on sale had an important impact on the post-socialist economic development of Bulgarian rural settlements (Koleva 2001).

⁹ The process of restitution in post-socialist Bulgaria does not imply the literal returning of all property which had gone under state control after being under private control until nearly the end of World War II. Only part of this property has been restituted to former original owners who comply with certain legislative conditions (Miller 2003).

Agricultural reform in the country at the beginning of the post-socialist period was reasoned by political rather than economic considerations (Swinnen 1997b). It is mostly of an administrative character (Miller 2003). Without going further and deeper into the mechanisms of implementation¹⁰, it needs to be pointed out that agricultural land resources have been redistributed (“returned back”) to a lot of people who have a background in agricultural activity as well as to a lot of people whose livelihood is already disconnected from their agricultural and rural roots (Kopeva and Noev 2001). As a result, many people became land owners by inheritance, but not all of them have the resources and the wish to farm it, often because of the very small size of the owned land. In the resulting situation, few farmers are renting land from numerous land owners (Theesfeld 2004).

One of the results of agricultural reform is the formation of a group in the population called “passive owners” (Swain 2000b). These are the land owners, who are characterised by a lifestyle that parts them from their land, and the land owning pensioners, whose life cycle stage does not allow them to get actively involved with their land assets. These people are also characterised by not having access through restitution or resources to acquire other agricultural assets (or wish to do so). They usually rent out their land to post-socialist cooperatives and private farmers and have little control on what is happening with it. However, because of the enforcement of their ownership rights and the unstable (dynamic) economic situation, the land owners can change the land tenant as often as every crop year (Kopeva *et al.* 2002). Some of these “passive owners” may even completely abandon their owned land, as suggested in the study by Kopeva *et al.* (2002).

The post-socialist transition has brought about changes in the distribution of power and interests in the agricultural sector (Swain 2000b). The institutions that are supposed to help farming are weak and not successful in their purpose. Farmers do not have the necessary capacity to organise and to act for their own sake. As a result, food processors

¹⁰ The processes of agricultural and land reform in CEEC, and Bulgaria in particular, have been described in numerous studies and it makes little sense to repeat them here; thus, only those aspects of reform that are relevant to the present study are highlighted. For more detailed reviews of the post-socialist and agricultural reform processes, one can see the following list of works, which does not claim to be exhaustive: Kostova and Giordano (1995); The World Bank (1995); Davidova *et al.* (1997); Swinnen (1997a); Swinnen (1997b); Swinnen *et al.* (1997); Carter and Kaneff (1998); Creed (1998); Csaki (2000); Kopeva and Noev (2001); Mergos *et al.* (2001).

manage to establish their interests over them. In the rare cases where there are large-scale individual farmers, they also manage to defend their own interests.

The post-socialist period, which for the present study amounts to about a decade and half, carries processes of change within the agricultural sector that can be qualified as very dynamic. Thus it is important to consider which elements of what has happened would have a long-term effect and which will have more historical value than importance for assessing present and future developments. An example is the emergence of medium and large-scale private farmers¹¹, which had been expected to happen almost immediately after the start of the changes, but which can be observed only in recent years. The impact of such development has been shown by Swain (2000b) who points to the lack of medium and large scale private farmers in Bulgaria; however, statistics for just two-three years later show that this is not exactly the case. The discrepancy comes from the fact that this publication is based on mid-1990s research and data collections, and the findings reflect the reality of that time.

Change and restructuring during the transition have brought rising rates of unemployment for the post-socialist economies and Bulgaria is not an exception (Atanassov 2000). The familiar pre-transition sources of employment are no longer available. Unemployment has a twofold implication for the study of entrepreneurship. First, the status of unemployed can serve as a push factor for undertaking independent economic activity and therefore can be associated with 'forced' entrepreneurship (Swain 2000b; Momsen *et al.* 2005; Brooksbank 2006). Second, widespread unemployment can be a source of employees for potential employers. Brown and Kulcsar (2000) point out that economic distress during the post-socialist transition tends to affect more rural than urban areas. Thus there can be an expected predominance of push factors for undertaking independent economic activity (and agriculture in particular), related to negative motivations like job loss, decreasing value of retirement remittances and insufficient revenues from low-wage labour.

As expected, discontinuation of the socialist regime has opened up opportunities for private business start-ups. The period of transition brought about half a million new private companies in Bulgaria that were established in the beginning of the 1990s (Genov 2000). The author contrasts this number with the six million citizens of the

¹¹ These are the owner-managers of the medium and large-scale farms.

country above the age of eighteen during the same period of time. However, it is not clear what their activities are and which of them are in operation as some may be registered but not active as businesses.

In the post-socialist context, agriculture has also been identified as serving the role of a safety net for part of the population (Van der Ploeg and De Rooij 2000; Petrick and Weingarten 2004; Swinnen *et al.* 2005). Researchers further suggest that early retirement and maintaining self-sufficiency through farming is a way to cope with the crises of transition (Swain 2000a). As a result, along with the commercially oriented part of the agricultural sector, there is also an extensive non-market oriented production element. The latter is not easily accountable and is mainly referred to through estimations. The non-commercial part of agricultural activity, which is directed towards household consumption or interhousehold exchange (Brown and Kulcsar 2001; Smith 2002), is not subject to attention in the present study. However, the two are often intertwined.

Unofficial tolerance towards the grey economy by the state has been indicated in post-socialist rural Hungary (Brown and Kulcsar 2000). According to these authors, allowing the existence of the grey sector partly compensated for the weakness of state institutions and their failure to provide support for the population against the sharply falling standard of living during the post-socialist transition. Although the literature does not provide sufficiently documented evidence, a similar situation can be expected to exist in rural Bulgaria. This can be further argued by drawing on existing legislative regulations, which do not require people involved in private agricultural production to be fully economically accounted for by public institutions (for the whole period since 1990 until the time this study was implemented). Farmers are not obliged to declare their cash flows and do not pay taxes on their production¹². There are some exceptions to this, which are related to the legislative form of registration of agricultural production and they aim to capture economic actors who have a relatively larger participation on the market in terms of turnovers and revenues (these are usually registered as Sole traders or Ltd.¹³).

¹² According to article 13 and article 29 of the Income Taxes on Natural Persons Act, State Gazette, no. 95, 24 Nov 2006.

¹³ The parameters of various companies that can be founded in Bulgaria are defined by the Commercial Law, State Gazette, no. 59, 20 Jul 2007.

Another element of the post-socialist country context is the instability of markets in general and agricultural output markets in particular. Agricultural markets in the Central and Eastern European countries (CEEC) are associated with variability of farm gate output prices (Bezemer 2002a). This is creating the conditions of a risky environment. The findings of Bezemer (2002a) suggest that output price risks have different effects on the development of individually owned and managed farms as compared to post-socialist cooperative farms in the sense that higher risk leads, to a greater extent, to diverting cash crop output to own consumption for individual farms rather than for cooperatives. This finding suggests that farms belonging to individuals are more flexible towards market changes, but market instability may have a negative impact on the growth aspirations of their owners.

Post-socialist economies are characterised by economic instability in general, of which market instability is only a part. This instability can be expected to be transition-specific and will not to be observed during more settled periods of time. However, Creed (1998) observed that it has a negative impact on the motivation of individuals to start their own agricultural enterprise as the instability implies future uncertainty and impedes planning. Genov (2000) elaborated further on the planning issue by revealing that the transition period affects not only the period of planning in economic life by shortening it, but also the scope of personal planning in a similar way. The importance of the environment for entrepreneurship in transition economies has been addressed by Welter and Smallbone (2003) by looking specifically at the institutional environment. This is in line with studies that emphasize the environment as an inseparable element in the concept of entrepreneurship.

Industrialization and urbanization are relatively recent phenomena in CEEC and there is a substantial part of the population, which comprises either rural or urban residents, who are still connected to their rural roots (Creed 1998). Taking a pessimistic perspective towards this connection, Giordano and Kostova (2001, p.9) qualify it as “mythologized” and point out that associating rural roots with readily available food supplies is not sufficient to claim connection when the attachment to the land does not exist anymore. Historically, the mechanization of agriculture and the expansion of manufacturing industries led to an outflow of the working force from agriculture towards the aimed industrialization of the country (Giordano *et al.* 2000). Thus it can be pointed out that farmers in Eastern Europe have not been subject to the same degree of specialization

and rural community stratification as those in the West. The latter are an easily identifiable strata in the community and the non-farming rural and urban population does not know much about the life of farmers, their work and farming in general (Wibberley and Turner 2006).

The transition period is marked by the pending accession to the EU. As a result, the agricultural sector is affected by the Common Agricultural Policy. A number of studies analyse the potential impact of policy changes on agriculture. Some of these focus on specific policy elements, like the SAPARD (Special Accession Program for Agriculture and Rural Development) and related measures, and discuss their potential effects in advance of introduction (Efstratoglou and Georgieva 2000; Swain 2000a; Mergos *et al.* 2001; Dalton *et al.* 2003; Chaplin *et al.* 2004; Mishev and Golemanova 2004; Kaneva *et al.* 2008). Others seek to assess overall economic effects on the sector (Totev and Shahollari 2001; Erjavec *et al.* 2002; Fernandez 2002; Swinnen 2002; Chaplin *et al.* 2007; Ivanova *et al.* 2007). An example of economic analysis of a model farm, in view of the adjustment to changes in regulation and the policy environment as a result of the EU entry, is Vassilev (2007). Studies mostly take an exogenous view of actors in the agricultural sector and their enterprises. Research from individual farmers' point of view is very limited (Garnevskaja *et al.* 2006). The latter can be a fruitful field as EU accession is anticipated to affect farmers by introducing additional changes, pressures and opportunities within the Bulgarian agricultural sector.

2.3 Entrepreneurship in agriculture

Entrepreneurship in agriculture is becoming a popular area of research both in the academic and policy literature. Most publications on entrepreneurship in agriculture do not appear in the entrepreneurship and small business literature, but in the agriculture and rural development literature. Mainstream agricultural economics publication outlets do not offer much work on entrepreneurship in agriculture. However, studies in rural sociology and agricultural change compete to explain the processes of restructuring and transformation in the agricultural sector. They offer findings and discussions that are relevant to an investigation of entrepreneurship among agricultural producers. These two groups of studies are based on quite different and often incomparable approaches. The former usually analyse the individual micro-level and the latter attempt to gain knowledge of relevant processes at the macro-level. This section includes two parts. The

first investigates the origins of research on farm entrepreneurship and relevant conceptual implications. The literature on entrepreneurship in agricultural and non-agricultural contexts in the CEEC is reviewed in the second part.

2.3.1 Origin of the trend and key concepts

The interest in entrepreneurship in agriculture emerged within the trend towards change and restructuring in the agricultural sectors of developed Western economies (De Wolf and Schoorlemmer 2007). The trend for change in the agricultural sector, associated with the terms 'restructuring', 'adjustment' or 'transformation' evolved as a result of continuous protective national policies for the agricultural sector in these economies. It emerged on the presumption that change in Western agriculture is inevitable and farmers must react to it by adjusting to new conditions in the sector (Gasson *et al.* 1998; Hill 2003; Blandford 2006). Here it is not hard to draw a line that connects the themes of agricultural adjustment and entrepreneurship, although the latter concept does not always appear in the literature and, when it does, is sometimes without sufficient theoretical foundation. Agricultural adjustment has gained popularity in the literature and has been established as a term widely used by researchers regarding agriculture in the old member states of the European Union (Ilbery *et al.* 1997; Gasson *et al.* 1998; Lobley and Potter 2004; Meert *et al.* 2005). In addition, there is a particular European interest in the phenomenon of entrepreneurship in agriculture (McElwee 2006b). The Western development of farming is interested in entrepreneurship in order to provide more knowledge on how existing actors can overcome changes in their political and economic environment and become more independent economic entities. The farming literature is interested in entrepreneurship as one of the ways of developing the agricultural sector, by changing the focus from production to consumption, by changing the traditional status of farmers as price-takers to price-makers, and as a tool for overcoming economic inefficiency causing market distortions. This is an application of the entrepreneurship concept with respect to a specific situation existing in the farming sector of Western countries.

This point of view is the result of decades of policy development, which aimed at reducing the number of farmers and creating more effective and efficient farming enterprises. The policy, although intended to protect farmers from the drawbacks of the agricultural sector, has actually made them (or the more protected groups among them)

dependent on protection for the viability of their operations. Moreover, there are arguments that within a highly regulated agricultural policy farmers tend to be less entrepreneurial (McElwee 2006a). In support of the latter, there are examples from countries where the protective role of policy has been substantially decreased and this was related by researchers to increased levels of entrepreneurial behaviour among farmers (Gow 2005). This has given rise to calls for change towards more policy-independent and market-oriented enterprises (Phillipson *et al.* 2004).

During the last two decades, national agricultural policies and the CAP of the EU in particular were subject to changes aiming to alter their protective nature into a supportive one. These changes to the CAP contributed to maintaining the trend among policy expectations and academic interests towards higher levels of entrepreneurial behaviour among farmers. It can be expected that the notion of entrepreneurship was introduced within this stream of research because it is about the start-up of new and different economic activities.

Several key issues with respect to reforms of the CAP are presented briefly in view of their relevance to understanding the academic interest in the topic of entrepreneurship in agriculture. Since the late 1980s, a series of reforms of the CAP were implemented and aimed to modify a role that was focused mainly on intensive production of commodities. The reforms took a number of steps and the three main ones were: 1992 MacSharry reform, Agenda 2000 reform, and 2003 Mid Term Review. Along these steps, measures aiming to change the nature of policy from protecting and encouraging production to facilitating the agricultural sector to respond more adequately to economic stimuli and societal needs were introduced, widened and elaborated. These policy developments assume a change in understanding by farmers of their businesses. In relation to studying the response of farmers to external pressures for change, the notions of diversification and pluriactivity have been addressed in the academic literature.

From the point of view of entrepreneurship in the agricultural sector, diversification and pluriactivity are two different terms relevant to addressing the issue of start-up of a new business by farmers. Diversification deals with decreasing the dependency on one type of business. Pluriactivity deals with decreasing the dependency on one source of income (Bryden *et al.* 1993). Therefore, studies on diversification take the agricultural

enterprise as a starting point, whereas studies on pluriactivity take the farm family as a starting point.

The popularity of the notion of farm diversification can be attributed to policy trends within the European Union (Ilbery 1992; Shucksmith and Herrmann 2002; Meert *et al.* 2005; Vesala and Peura 2005). It is related to a shift in policy that advocates focusing on business activities that are different from 'core' farming. Diversification should not be viewed only in its policy context, where it is presented as an entrepreneurial strategy in the management of agricultural enterprises. It is a strategy for business development through creating a portfolio of economic activities. Diversification can also be seen as a manifestation of change in business structure. Vesala and Peura (2005) further argue that business diversification undertaken by farmers is a sign for entrepreneurial behaviour as well as growth and specialisation within existing agricultural production. The two authors point out that in the context of standard family farming diversification implies innovativeness and this makes it entrepreneurial.

The farm diversification literature developed in Western Europe during the 1990s and the 2000s is important for a study on entrepreneurship in agriculture, but it should be pointed out that this literature looks at the household of the existing farmer (Alsos *et al.* 2003a). Moreover, it usually considers the shift towards non-farming new undertakings or towards non-traditional (alternative) farming production as a sign for entrepreneurial behaviour (Meert *et al.* 2005). This position has an essential implication for the present study because it points to an existing assumption that involvement in agricultural production is a former (earlier) activity and the diversified (entrepreneurial) activity is a latter one. It has implications for the available literature on entrepreneurship among farmers. Such a view would exclude people who diversify into farming from a non-farming starting point, which can also be expected in the context of a post-socialist country with recently implemented agricultural and land reforms. The conditions created in post-socialist countries during the period of transition are actually providing opportunities for new start-ups in farming. According to some studies, in Western European economies diversification initiatives have proven to be endogenously driven by a farmer's economic and social context rather than exogenously driven by policy-created opportunities (Bryden *et al.* 1993; Shucksmith and Herrmann 2002; Lobley and Potter 2004). However, the latter have also been found to take effect and there is an ongoing debate on this issue in the literature (McNally 2001). This debate may have few

implications for a study on entrepreneurship in the Bulgarian agricultural sector as EU-rooted agricultural policy has had only limited effect on the farming population so far (MAF 2006b).

A critical look at research on farm diversification identifies that it is closely related to what is considered 'traditional' and 'new' is a sort of diversion from it. For example, the processing and retailing of agricultural produce are types of business diversification (Vesala and Peura 2005). The work of agricultural geographers like Ilbery *et al.* (1997) brings about the idea that discussion and understanding of farm diversification are grounded upon regional specifics. Some authors even argue that having a diversified agricultural enterprise is traditional (Alsos *et al.* 2003b; Rønning and Kolvereid 2006).

The concept of pluriactivity is developed in relation to the concept of agricultural diversification. It carries the notion of having diversified income sources. However, in contrast to diversification which deals specifically with having another business on the farm, pluriactivity covers a broader scope of income sources, such as employment and non-earned income¹⁴. It has received particular attention from studies in the fields of rural sociology and agricultural geography, but it is under-researched by agricultural economists. Pluriactivity, as well as agricultural diversification, have been studied independently from the entrepreneurship literature and only recently have attempts been made to bridge the two (Rønning and Kolvereid 2006). In the work of Carter (1998), pluriactivity in the agricultural sector has been paralleled to multiple business ownership in studies of entrepreneurship among non-farm businesses. To understand better portfolio entrepreneurship in any economic sector, Carter and Ram (2003) recommend the development of a better understanding of the context in which it is placed. These authors specifically stress the contextual role of family circumstances of the entrepreneur and the economic conditions of the business. The latter, it is suggested, provides explanations for the origins of motivations and the decision-making process, which are attributed to an individual who operates a portfolio of enterprises.

Pluriactivity is found to be widespread among small farmers in the West. It is identified as one of the possible reasons for the continuous existence of small-scale farms (Lobley and Potter 2004). Pluriactivity encompasses both cases of farmers being employees elsewhere and farmers being self-employed in non-farming activity (Ilbery *et al.* 1997;

¹⁴ Grants, shares or pensions (Carter *et al.* 2004).

Carter 1998; Alsos *et al.* 2003a; Rønning and Kolvereid 2006). Therefore, associating it with entrepreneurial behaviour must be approached with caution as not all research findings on pluriactivity in agriculture can be utilized in developing a study on entrepreneurship among farmers. Broadly, pluriactivity can be defined as “household labour committed to non-agricultural work” (Bryden *et al.* 1993, p.15). This is not the only example where pluriactivity is considered at the level of the household, which is in line with trends in the agriculture and rural development literature (examples are also Eikeland and Lie 1999; Alsos *et al.* 2003a; Rønning and Kolvereid 2006). The latter needs to be considered in an individually-focused study on entrepreneurial behaviour because it can be expected that the individual will be affected in different ways by the gainful activities of other household members and by his/her own multiple gainful activities. It will be hard to utilize the knowledge from already available pluriactivity studies, while at the same time subtracting the effects of an employee vs. self-employed role and a pluriactive decision-maker vs. pluriactive household.

The policy assumptions established in the West were transferred to consequently joining members of the EU and, as a result, Eastern policy makers also tend to consider that large size, policy-independent and market-oriented farm enterprises are the desired future outcome of development in the agricultural sector (Sarris *et al.* 1999). This assumption fails to encompass the dynamic processes of entry and exit in farming, which are observed during the period of transition started in the 1990s and which involve small-scale units. Davidova *et al.* (2000) tend to apply the same assumptions about the role of farm diversification to CEE farms as already established on Western European farms, i.e. farmers as a starting point are diversifying into something else because farming is not sufficient on its own. Later studies reinforce this perspective (Davidova *et al.* 2003; Chaplin *et al.* 2004; Garnevaska *et al.* 2006). This restricted view on the agricultural population is not sufficient for a study on entrepreneurship. However, acknowledging the specifics of the agricultural sectors of post-socialist Eastern European countries, Davidova *et al.* (2000) admit the possibility of a non-agricultural starting point. Contemporary studies show that the dualistic structure characterising socialist agriculture has been replicated in the transition period as well. Davidova *et al.* (2003) emphasise that the two types of structure observed in CEE agriculture (few very large-scale farms and numerous small-scale farms) require different approaches to the analysis of diversification in the sector.

Studies on entrepreneurship in agriculture do not necessarily draw on existing research on entrepreneurial behaviour. This is the case with the majority of literature relating to concepts of diversification and pluriactivity. Only recently have conceptual ideas from the entrepreneurship field been employed in research in a farming context (Vesala and Peura 2003; McElwee 2006c; De Wolf *et al.* 2007; Vesala *et al.* 2007). However, there are examples like McGehee *et al.* (2007) who study motivations for agri-tourism start-ups without considering the entrepreneurship literature.

In their methodological approaches, studies on entrepreneurship in agriculture tend to focus on empirical examples that illustrate and support the entrepreneurial perspective (Brunåker 1993; Marsden *et al.* 2002; Pyysiäinen *et al.* 2006). They gain insights into entrepreneurship in agriculture through cases of farmers who already exhibit entrepreneurial behaviour in the sense of moving away from core farming. Researchers have argued that it is very hard to capture individuals who are engaged with entrepreneurial activity at any point in time (Gartner *et al.* 2004). This is why it is reasonable to focus on examples where the outcome is present. Manev *et al.* (2005) undertook the same approach by recruiting respondents who participated in a business training course for their research on the entrepreneurial orientation of small business owners in Bulgaria. However, this limits the research to farmers who can be attributed with a particular type of entrepreneurial behaviour which is contextualised in policy developments and macro-level trends of change in the agricultural sector. Thus it can be criticised for taking a restricted view which fails to capture insights into entrepreneurial behaviour among the farming population in general.

2.3.2 Entrepreneurship in CEEC

This sub-section aims to provide an overview of research on small business entrepreneurship in post-socialist countries and specifically in the agricultural sector, where available. It adopts a broader scope as there is limited research on entrepreneurial behaviour among Bulgarian farmers. The sub-section reviews the implications of several themes for the research on entrepreneurial behaviour, namely borrowed capital, market orientation, role of previous experience, and farmers' business and technical knowledge.

Inferences on entrepreneurial behaviour can be obtained from different theoretical perspectives. Studies dealing with post-socialist rural agricultural and non-agricultural entrepreneurship are usually not based on conceptual frameworks aiming to encompass the entrepreneurial behaviour phenomenon (Creed 1998; Davis and Pearce 2001; McIntyre 2001; Momsen *et al.* 2005 are examples but a few). However, they use various terminologies based on the word 'entrepreneur' in justifying typologies of persons or economic units. In addition, the literature discussing emergent private agriculture in post-socialist countries during the 1990s tends to attribute 'entrepreneur' to the owners of the largest scale agricultural enterprises (Namerova 1999; Borisova and Nedyalkov 2007).

Availability and accessibility of credit for agricultural businesses is often identified as a major obstacle to the development of the sector in post-socialist countries (Swinnen and Gow 1999; Bezemer 2002b; Petrick and Weingarten 2004; Bashev 2005). There is also an issue with credit for rural businesses (The World Bank 2004; FAO 2005) and for entrepreneurship in post-socialist countries in general (Pissarides *et al.* 2003). On the one hand, it has already been found that banks have limited capacity for risk assessment in activities such as farming and that farmers do not have the capacity to provide sufficient information on their economic situation when they apply for credit from the banks (Bezemer 2002b). On the other hand, this argument may only reveal the surface of the issue, as a more in-depth study could identify the presence of prejudice towards sources of capital and a poor search for information. Borisova and Nedyalkov (2007), for example, reveal that within their sample of large-scale farm owner-managers the practices of strategic information management are not widely popular. Also, small business founders in CEEC prefer to rely on their own capital sources rather than on external ones (OECD 2003; Momsen *et al.* 2005; Manolova *et al.* 2006). This has been found to exist among small businesses in Western countries as well (Jarvis 2006). The literature on small businesses reports that the latter are rarely working with borrowed capital (Scase and Goffee 1987), especially at the start-up stage (Deakins and Whittam 2000).

Bulgarian agricultural producers lacked experience in the marketing of their output during the post-socialist period (Creed 1998). The system of state-steered buyers' organisations and the almost permanently unsatisfied consumer demand due to product shortages and deficiencies (Roth 2000) influenced the abilities of agricultural producers

to find buyers for their output. Pre-socialist market relations did not favour proactive behaviour and facilitated state control over food resources through the buying cooperative organisations (Meurs *et al.* 1999). The limited resource base of some of the farmers, e.g. lack of transportation (Creed 1998), additionally enhanced their passive role in the agricultural output markets. McIntyre (2001) concludes that the terms of access of small businesses to a wholesale distribution network are more important than the existence of the network itself. Therefore, more understanding of the way owner-managers approach their markets and interact with the market is necessary. However, there is limited research in the area. Some insights are provided through the exploratory survey of Bashev (2005) who takes an institutional approach and concludes that high marketing costs are among the major factors restricting growth of farms in Bulgaria. The author identifies the dominant forms and factors for the marketing of produce by Bulgarian farms. However, his approach is limited in providing understanding of the connection between market behaviour in terms of forms of marketing and the factors for preferring a particular mode of marketing.

The anthropological study by Creed (1998) enhances understanding of entrepreneurship among rural residents (including both agricultural and non-agricultural activities) through adoption of a long-term life-cycle perspective. Socialist examples of entrepreneurship within an active working age are usually disguised as a part-time activity practised in spare time while holding full-time employment in a state enterprise. Only after retirement can the entrepreneurial activity become a full-time one, while the retiree also gets a state pension. Some researchers of post-socialist entrepreneurship during the first decade of transition have drawn a logical parallel between experience in the pre-transition private sector and consequent initiatives under conditions of economic liberalisation. Momsen and Szorenyi (2002) suggest that evidence of a relationship between post-socialist entrepreneurship and the private sector under socialism has been identified in a number of previous studies. The two authors have also found that after a decade of transition the influence of pre-transition experiences on entrepreneurial behaviour has weakened and been replaced by external factors. However, the research by Koleva (2001) re-acknowledges the connection between a pre-transition history of entrepreneurial behaviour and present entrepreneurship exhibited by the individual. In contrast to the studies already presented, Koleva (2001) applied an ethnographic approach in her case study of a single non-agricultural rural entrepreneur. She found out that regional specifics had a major impact on the business plans and practices of the

individual as his food-processing business was justified by the most common types of agricultural production in the rural area.

Through a survey-based comparative study on Bulgaria and Hungary, which includes both commercially and non-commercially oriented agricultural producers, Meurs (1998) concludes that Bulgarian rural households would undertake commercially oriented agriculture to a lesser extent; this is because the sector has a historically rooted reproduction role in the life of rural people. This can serve as an explanation for the large home production sector. It is also a clue for expecting a wider diffusion of knowledge on agricultural production at the community level than in countries with longer established traditions in private farming.

Technical knowledge and, more importantly, knowledge on how to get things to happen had been entitled (given) to small groups of people in CEEC rural areas during socialism. This resulted in larger groups of people not being able to get in line and make use of opportunities offered by policies through SAPARD and other programmes (Swain 2000a). In addition, Swain (2000a) makes a prognosis that mental constructs from the communist period are going to influence the life of people long after that. The latter are not in favour of entrepreneurial behaviour. Therefore, it can be expected that the entrepreneurial mindset among agricultural producers will be rare rather than common. Business knowledge may be expected to be limited. Carter and Kaneff (1998) point out that potential independent agricultural producers lack the whole range of knowledge that is necessary for running a new enterprise as a result of the specialisation of agricultural tasks during socialism. Drawing on existing publications, Smallbone and Welter (2001) suggest that there are entrepreneurship experiences from the socialist period that have implications for the entrepreneurial behaviour of individuals in the transition period that followed. The examples were mostly from the non-agricultural sectors of the economies of socialist countries. However, the authors emphasize the different starting points for new businesses in a post-socialist context – the environment for business has changed as well as the ways of doing business.

Rizov and Swinnen (2003) suggest that two different approaches to the privatisation of land assets in post-socialist countries can have a substantial impact on the consequent development of individual farming in those countries. If land is distributed mostly to former collective farm workers, this results in a higher share of individual farming at

present. If land is distributed to its former legal owners, this results in lower levels of individual farming. The authors state that one of the possible reasons for this is the lack of technical knowledge on agriculture among former legal owners as compared to former collective farm workers. This position is arguable because it does not take into account the people who have not been officially part of the agricultural labour force during socialism, but who have practised agriculture to a sufficient degree to say that they have not been disconnected from agriculture for the time when their land assets have been under state control. Additionally, experience on a collective farm is important and should be taken into account when explaining contemporary private farming in post-socialist countries; however, it should be noted that labour on collective farms was sometimes highly specialized. Experience in such a labour structure does not provide knowledge and experience with sufficient scope for individual farming, where one person needs to have expertise on the whole process or cycle of production from beginning until end, rather than knowing it only partially through being specialised in certain professional functions. For example, having knowledge on land tilling and harvesting but not pest control, or having practised fattening but not breeding. In her study, Dobрева (1994) demonstrated that rural people have skills predominantly for implementing technical agricultural work, and not in managing and organizing agricultural production processes, and additionally their skills may be restricted to specific types of agricultural production. Therefore, to become an individual farmer, the person is still going through a substantial learning process. In addition, former collective farm employees do not have any experience in 'marketing' the collective farm produce. In contrast, the people who have socialist experience in individual farming and have sold part of their produce on the 'market' would probably be more successful as individual farmers, but the literature cannot offer findings in support or against this idea.

2.4 Summary

Chapter Two has discussed similarities between agricultural enterprises and small businesses which are additionally strengthened when considering the family dimension. It has set out the post-socialist country context for entrepreneurial behaviour and investigated the origin of interest in entrepreneurial behaviour in the agricultural sector.

A number of key points have emerged from the review of available literature:

- Agricultural enterprises are in effect small businesses and taking this approach can enrich an enquiry into the entrepreneurial behaviour of farmers.
- Family issues have been found to be important in the start-up and development of enterprises in both the agriculture and the small business literature.
- Post-socialist agricultural and non-agricultural enterprises differ by history and context from those in other countries.
- Existing research on entrepreneurship in agriculture is not sufficiently based on available literature from the entrepreneurship field. Utilisation of the small business entrepreneurship literature can contribute to designing research that leads to an increased understanding of the entrepreneurial behaviour of farmers.
- The literature on entrepreneurship among farmers has a starting 'Western' context that is not always appropriate in a post-socialist country. The body of literature will benefit from more academic rather than politically grounded research.
- For a better understanding of entrepreneurship in agriculture, one needs to take a broader approach than just looking at start-up of businesses in the narrow context of a move from primary production towards non-farming sectors.
- This review of literature suggested that there is limited research on entrepreneurial behaviour among Bulgarian farmers.

CHAPTER THREE

SMALL BUSINESS ENTREPRENEURSHIP – APPROACHES AND CONCEPTS

Three key points established in Chapter Two are brought forward in the present chapter. First, agricultural enterprises and small businesses are often alike; second, entrepreneurship in agriculture implies new enterprise creation; and third, research on entrepreneurship in agriculture from within the entrepreneurship field has been limited. This chapter aims to provide the grounds for bridging such a gap. For these reasons, an overview of the entrepreneurship literature is limited to the perspective of small business creation and development. It identifies major trends within the literature and discusses their implications for the present research. Issues identified in the previous and current chapters are brought together to provide a conceptual framework for the research.

This literature review offers a multi-theoretical perspective, which attempts to encompass the interdisciplinary nature of entrepreneurship (Ucbasaran *et al.* 2001). Chapter Three contains two main sections. The first one presents different approaches to research on small business entrepreneurship and argues for a common research approach within the agriculture and the entrepreneurship literatures. Section two highlights key dimensions that help to understand the nature of the entrepreneurship phenomenon and contributes to an integrated conceptual framework for the exploration of entrepreneurial behaviour among post-socialist farmers.

3.1 Approaches to entrepreneurship research

The emergence of the concept of entrepreneurship dates back to the mid 18th century in Western Europe. However, its first conceptual developments are attributed to the works of Schumpeter¹⁵ from the 20th century (Bygrave 1989). In a Schumpeterian view, entrepreneurship is represented through the entrepreneur who is an innovator and

¹⁵ Schumpeter, J.A., 1980, *The Theory of Economic Development. An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle*, Oxford University Press, New York (original English translation 1934; first edition in German 1909).

introduces a new product, process or organisation (Deakins 1999). For a great deal of time, it was a subject exclusive to economic theory and the centre of attention was the entrepreneur as an actor rather than entrepreneurship as an activity. However, studies on entrepreneurship within the economic field were criticized for being weak in predicting the supply of entrepreneurs, but they are acknowledged for contributing to explaining the role of entrepreneurs in the economy (Drucker 1985; Hamilton and Harper 1994; Deakins 1999). Furthermore, as pointed out by Drucker (1985), entrepreneurship is inconsistent with classical economic theory and cannot be explained through it. He compares it to external factors and contingencies, which are often assumed not to exist for the sake of the feasibility of economic models.

Throughout the development of the field, there have been ongoing debates about the definitions of 'entrepreneurship' and 'entrepreneur'. Authors are not united around one definition. The definitions found within academic research depend strongly on the background of the researcher and the focus of the particular research. Some authors argue that there is so little consistency between various definitions that an all encompassing one will be to define entrepreneurship as self-employment (Bogenhold 2004). However, other authors see entrepreneurship as extreme behaviour attributed with the highest levels of innovation, creativity and growth (UNDP 1999; Bygrave 2007; Timmons and Spinelli 2007). Entrepreneurship has been defined as innovation after the works of Schumpeter (Carland *et al.* 1984; Shane and Venkataraman 2000; Gielen *et al.* 2003; Knudson *et al.* 2004). Building on the Schumpeterian understanding of entrepreneurship, a more specific definitional focus dealing with the recognition and exploitation of opportunity for new business has been developed (Drucker 1985; Venkataraman 1997; Shane and Venkataraman 2000). In terms of an entrepreneur, a number of works use a dictionary definition and describe it as a person "who undertakes to organize, manage and assume the risks of a business" (Sexton and Smilor 1986; Kuratko and Hodgetts 1998; Greve and Salaff 2003). All these definitions can be associated with a certain economic role or outcome. However, in general terms they refer to a situation. This overview suggests that understanding entrepreneurship as the creation and development of an enterprise falls within the perspective of the current research.

Existing debates on the theoretical advancement of entrepreneurship range from calls for building on existing findings for achieving stronger theoretical outcomes (Low and

MacMillan 1988) to taking more holistic and eclectic inquiries for obtaining a greater understanding of the phenomenon (Steyaert 1997). The differentiation between present approaches is guided by the evolution of views on the entrepreneurship phenomenon. It aims to demonstrate the increasing recognition of its complexity by researchers. Common for all of them is that their followers see entrepreneurship as enterprise creation. However, they deal with different aspects of it. It can be argued that they are concerned with the supply side of entrepreneurship as they seek to contribute to the knowledge of who and how one gets involved in entrepreneurial behaviour or how the new enterprise comes into existence. The reviewed approaches also share the common assumption that human behaviour is of a deterministic nature (Pittaway 2000). In this context, three approaches to entrepreneurship research can be identified which, by focusing on different concepts, are attempting to elucidate the boundaries of the entrepreneurship field. First, there is the personality (trait) approach, which deals with the individual characteristics of the entrepreneur and can be identified as relatively static. Secondly, the process approach diverts the main focus away from the entrepreneur and towards entrepreneurship as an activity and introduces a more dynamic view. Thirdly, there is the contextual approach, the main characteristic of which is multidimensionality. Lastly in this section, issues brought forward by the contextual approach are compared with the 'cultural turn' from the rural geography literature.

3.1.1 Trait approach

The trait (personality) approach attributes entrepreneurial behaviour to psychological characteristics. This approach attracts the attention of the majority of researchers in the entrepreneurship field when they discuss the evolution of this body of literature and argue about the theoretical foundations of their own research. Although widely criticised for resulting in arbitrary findings, the personality approach has received wide attention by scholars. This is for two main reasons: first, to find out who the entrepreneur is; and second, to justify the scope and boundaries of the entrepreneurship research field.

This approach treats entrepreneurs as homogeneous groups of people and contrasts them with non-entrepreneurial groups (Low and MacMillan 1988). It does this by searching for typical personal characteristics of entrepreneurs that differentiate them from other people (Aldrich and Zimmer 1986). These studies are mainly concerned with labelling

people by assigning them with particular traits and dividing them on these grounds. Within this approach, entrepreneurial behaviour is assumed to be influenced by personal factors in terms of psychological traits (Pittaway 2000). Identification and discussion of personal characteristics of the entrepreneur lead to the formation of a certain psychological profile that is discussed in many works (Brockhaus and Horwitz 1986; Shaver and Scott 1991; Hamilton and Harper 1994; Littunen 2000; Delmar 2006). The evolution of research within the personality approach is strongly associated with the development of the field of psychology. There the different personality traits are first developed and conceptualised, to be later incorporated into studying the personality of the entrepreneur. The trait approach deals only with psychological traits and this explains why it is relatively narrow in terms of focus and applied research methods. It provides only limited understanding of entrepreneurial behaviour.

Research within the personality approach provides examples of studies that focus on a single trait as well as investigations of multiple traits. The first group of research aims at providing more elaborate explanations of a particular trait associated with entrepreneurial personality. In contrast, the second group of studies looks at a number of traits at the same time in order to advance the identification of entrepreneurial profiles and successful entrepreneurs. There are many personality traits that can be correlated with entrepreneurship, but entrepreneurship is not a personality trait itself. Entrepreneurs have been characterised by higher levels of aspirations in comparison to the rest of small business owner-managers (Delmar 2006). The need for independence has often been suggested as a characteristic that leads to the start-up of entrepreneurial activity in the first place, but it is also a commonly recognised entrepreneurial characteristic (Timmons and Spinelli 2007). The single most discussed traits in the literature are need for achievement, locus of control and risk-taking (Brockhaus and Horwitz 1986; Pittaway 2000; Delmar 2006).

Need for achievement is associated with the inner personal desire to do well on self-settled goals. Its first application as an entrepreneurial trait is attributed to McClelland (1961). Need for achievement has implications for the study of the motivation of the entrepreneur and it is also called achievement motivation. It establishes the desire to excel as one of the main reasons for entrepreneurial behaviour (Brockhaus and Horwitz 1986; Littunen 2000). However, it has been found to have cultural limitations. Most of what is known about the need for achievement was found within the American culture

and research on different cultures often does not confirm the findings (Delmar 2006). This extends to other personality traits as well. It suggests that an individual is not an isolated item but is embedded in a certain socio-cultural context and that the latter should be taken into account when identifying the characteristics of the entrepreneur.

The concept of locus of control represents the personal perception of the individual over her/his ability to control what is happening with her/his life. The development of the concept dates back to the social learning theory of Rotter (1966). According to this theory, each individual holds beliefs about the pursuit of a particular goal. They range from believing that accomplishment depends on one's own behaviour (internal) to being beyond one's control (external). Entrepreneurs are attributed with an internal locus of control (Littunen 2000). The ways of measuring locus of control in psychology have been heavily criticized and it has been suggested that the concept should not be used in entrepreneurship studies (Delmar 2006). Nevertheless, the application of the concept – without aiming for precise quantitative measurement – can still be useful for the examination of entrepreneurial behaviour.

Risk-taking is an assumed element in the role and behaviour of the entrepreneur since the early developments of the concept (Knight 1921). Risk-taking propensity is often highlighted as a personality characteristic of entrepreneurs, although there is also an argument that this is a characteristic of business owners in general. Carland *et al.* (1984) refer to Schumpeter to assert that risk-taking is inherent in ownership rather than entrepreneurship and, therefore, that both entrepreneurs and non-entrepreneurial owner-managers may exhibit it. The trait approach assumes that entrepreneurs are more inclined to take risks than other individuals and that this characteristic of their personality is independent of the situation. However, research has demonstrated that the latter is not true. Risk-taking propensity is not considered a useful tool for distinguishing entrepreneurs according to Brockhaus and Horwitz (1986) because it varies widely depending on the situation. Some theorists insist that risk in entrepreneurship is known and accepted (Drucker 1985; Kuratko and Hodgetts 1998). Nevertheless, other authors suggest that there is always something unknown to the entrepreneur (Venkataraman 1997). The unknown element brings uncertainty to the entrepreneurial process and requires risk-taking behaviour.

One aspect of the personality approach is to try and determine which traits lead to successful entrepreneurship. Brockhaus and Horwitz (1986) argue that the personal characteristics which identify successful entrepreneurs change throughout the entrepreneurial process i.e. during different stages, different personality traits play a role in the success of the enterprise. The two authors further criticise the personality approach for not recognising that entrepreneurial behaviour within different industries requires different traits. These arguments can help to explain why personality studies of entrepreneurship end up with a broad range of individual traits¹⁶ and that not all of them should be observed with respect to a single individual in order to identify them as entrepreneurs. They also help support an argument that there is little point in searching for a generic entrepreneurial personality.

The personality approach to entrepreneurship is viewed by many writers as controversial. It is accused of giving weak accounts of entrepreneurial behaviour and lacking predictive power (Sexton and Bowman 1986; Gartner 1989; Ucbasaran *et al.* 2001; Delmar 2006). Critics point out that trying to identify people who are more likely to exhibit entrepreneurial behaviour through their personality characteristics is an unsuitable approach unless the study aims to find out the probability of a person being born to become an entrepreneur. This approach fails to account for the situational characteristic of entrepreneurship because it excludes the role of the environment (Pittaway 2000). Consequently, research on personality characteristics is gradually being replaced by studies on behavioural and cognitive issues (Davidsson *et al.* 2001). Although much criticized for its weaknesses in predictions of who will become an entrepreneur, more recent works acknowledge that the trait approach is nevertheless powerful in revealing the innate and acquired characteristics of entrepreneurs (Bridge *et al.* 2003; Timmons and Spinelli 2007).

3.1.2 Process approach

The process approach conceptualises entrepreneurship as a process of enterprise creation. It sees entrepreneurship as a sequence of events (Steyaert 1997). Furthermore, organisations are assumed to develop in an evolutionary manner (Kamm and Nurick 1993). In the entrepreneurial process, the person also has a focal role that cannot be

¹⁶ Hornaday (1982) identified more than 40 traits that have been associated with entrepreneurs.

neglected. However, by focusing on the process rather than the person the aim is not to consider who can be an entrepreneur but rather how entrepreneurship works. Thus the process approach employs a situational view of the creation of a new enterprise (Pittaway 2000). This approach aims to establish patterns of events and accounts for the different stages of enterprise creation – pre-start-up, start-up and growth. The process approach may look only at sequences of events within the start-up stage or it may actually encompass the life cycle of the enterprise. The latter is viewed as different stages of growth and is attributed to the small business entrepreneurship literature (Deakins 1999; Bridges *et al.* 2003).

Opportunity recognition is a central element of the start-up stage, whether it is a one-off event or a relatively longer lasting process. Opportunity can either be created by the entrepreneur or just recognised and used. Some authors employ both of these views in their conceptualization of entrepreneurship (Venkataraman 1997). However, a Schumpeterian conceptualization sees the entrepreneur as the creator of opportunity. Drucker (1985) points to the existence of external sources of opportunity, which are objective and occur independently of the actions of the individual, such as a change in demographics. This implies that opportunity is recognised or identified rather than created. A number of authors adopt such a point of view towards opportunity in the entrepreneurial process (Gaglio 1997; Shane and Venkataraman 2000; Singh 2000; Malecki 2006). Nevertheless, in the entrepreneurial process there is a moment of recognition, either of opportunity or of a niche for creating opportunity. And as Venkataraman (1997) emphasises, people differ in their ability to recognise and exploit opportunity. Furthermore, personal experience has a major impact on the recognition of entrepreneurial opportunities by the individual (Timmons and Spinelli 2007).

Some studies focus only on the start-up stage. Although this stage is critical for the entrepreneurial phenomenon, such studies can provide only partial knowledge on the entrepreneurial process (see for example, Birley 1985; Herron and Sapienza 1992; Deakins and Whittam 2000, Gartner *et al.* 2004). Deakins and Whittam (2000) assume a linear sub-stage hierarchy for the start-up stage. It includes formation of an idea -- opportunity recognition -- pre-start planning and preparation, including pilot testing -- launching of the new enterprise -- subsequent development. This shows that the start-up stage can be very 'elastic' and that different authors conceptualise it in different ways. Studies also acknowledge that the start-up of a new enterprise is a relatively

unexplained field from a theoretical point of view (Deakins and Whittam 2000). Involvement of human capital theory in the start-up stage of the entrepreneurial process leads to the idea that trait and process approaches to researching entrepreneurship are not mutually exclusive (Deakins and Whittam 2000).

As Gartner (1989) asserts, authors are not united when deciding where entrepreneurship ends. Gartner (1989) himself sees the end as the completion of the establishment of an enterprise. Others extend it further into the growth of the established enterprise. The assumption of presence of growth aspirations as part of entrepreneurial behaviour can be observed in both the entrepreneurship literature (McElwee 2005; Morrison 2006; Pyysiäinen *et al.* 2006) and the management literature (Stevenson and Gumpert 1985; Röling 1988). Some authors recognise that growth may not be represented only by expanding the newly established enterprise, but also through undertaking entrepreneurial activity in a different field by the same person, and thus creating a portfolio of enterprises (Carter and Ram 2003). Previous studies also assert that growth is positively correlated with enterprise survival (Reynolds 1993).

Interest in the entrepreneurial process became popular in order to overcome the limitations of the trait approach (Gartner 1985). More recent works point out that the development of entrepreneurship research has taken a more process-oriented direction (Davidsson 2003). This suggests expansion in the researched dimensions of the entrepreneurship phenomenon by employing a diversity of research foci. Process-oriented studies are not only limited to the aim of establishing process theories. As a result, the process approach is related to higher methodological diversity in comparison to the trait approach. Researchers argue that some of the employed methodologies within it allow an understanding of the complexity and uniqueness of entrepreneurial endeavours (Steyaert 1997).

The process orientation forms the basis of various studies. One is the interest in the social environment of the entrepreneur in relation to enterprise creation. This body of research focuses on the social network of the business founder (Birley 1985; Aldrich and Zimmer 1986; Dubini and Aldrich 1991; Malecki 1997; Singh 2000; Greve and Salaff 2003; Conway and Jones 2006). Stam (2002) emphasizes the importance of the social context for entrepreneurship as he asserts that embeddedness, networks and

context are related terms. Another is one that combines a process view with a family business perspective (Renzulli *et al.* 2000; Morrison 2006).

A major contribution of the process approach is that it conceptualises entrepreneurship as rooted in the interaction between the actions of the individual and the creation and development of the enterprise. During the last quarter of a century, a number of studies employed various theoretical frameworks assuming this kind of connection. Furthermore, trait and process theories are limited in looking at the interrelatedness between individual behaviour and the environment or the enterprise (Aldrich and Zimmer 1986; Carland *et al.* 1988). However, the conceptualisation of entrepreneurial behaviour as a process is important and an inherent assumption for the examination of the interactive perspective. These developments also allow for the presence of a tendency towards a contextual approach in entrepreneurship research, which is subject to the next sub-section.

3.1.3 Contextual approach

The scope of the contextual approach is broad and hard to justify. It includes the outcomes from studies rooted in three different disciplines – social psychology, sociology and economics. As a result, these studies are attributed with different theoretical perspectives, underlining philosophical assumptions and research foci. This sub-section aims to demonstrate the complexity of a contextual view on entrepreneurial behaviour that can be related to a diversity of bodies within the entrepreneurship literature. It argues that research needs to take into account the interactiveness and dynamism characteristics of entrepreneurship. Examples of multidimensional conceptual frameworks employed to contextualise entrepreneurial behaviour and acknowledge its interactive nature are reviewed.

A contextual approach considers culture, the interaction between individual and enterprise, interaction between individual and social context, and interaction between individual and environment; it sees individuals as entities that change and learn. Defendants of studying the dynamic role of these elements argue that pursuits of generalisation have little success because entrepreneurship is interpreted as conditional upon the circumstances of people's lives (Steyaert 1997; Bygrave 1989, 2007). This also means that entrepreneurial behaviour can be observed with different intensity and

represented in different ways within the same population if there is a substantial change in circumstances. Therefore, entrepreneurship is situational and varies through time. Authors argue that anyone can be an entrepreneur if the right conditions exist (Brockhaus and Horwitz 1986). The dynamic feature of entrepreneurial behaviour has been accounted for by either introducing a time dimension (Bird 1992; Gartner *et al.* 2004) or employing action-focused research strategies aimed to 'catch it as it happens' (Brundin 2007). However, longitudinal and action research are not the only ways to account for dynamism in people's engagement with entrepreneurial behaviour as employment of the interactive perspective provides similar opportunities.

Various studies review entrepreneurship as subject to different contextual dimensions. These have been identified as organisational (Kuratko and Hodgetts 1998; Davidsson and Wiklund 2001; Morrison 2006), environmental (Kent 1984a; Kuratko and Hodgetts 1998; Ucbasaran *et al.* 2001), economic and social (Morrison 2006), regional (Sweeney 1987), and cultural, ethnic and religious (Swedberg 2000; Gartner *et al.* 2004) contexts. The emphasis on a particular context depends on the theoretical perspective adopted by the study.

Previous research offers a number of studies employing multidimensional frameworks trying to capture the contextual nature of entrepreneurship. They account for an investigation that goes beyond the person and the process. Among both the person-oriented and the process-oriented authors, there are supporters of the contextual view. For example, Shaver and Scott (1991) stress the dependence of entrepreneurship on time, type of industry, political situation and the environment. In their study, they adopt a three-dimensional framework including person, process and choice. Low and MacMillan's (1988) framework considers the entrepreneurial process in a social context. Gartner's (1985) conceptual framework for studying new enterprise creation includes four elements: the person who creates it; the organization that is created; the environment; and the process of creation. This framework is also supported by Kuratko and Hodgetts (1998) and Ucbasaran *et al.* (2001). Herron and Sapienza (1992) emphasize the situational feature of the concept, which is a key to understanding why personal characteristics alone or environmental circumstances alone cannot explain its occurrence. The model that Herron and Sapienza (1992) develop to explain entrepreneurship focuses on the individual and takes into account the role of the context and is underpinned by theory of behaviour.

This review of the literature identifies four key elements in the research on entrepreneurial behaviour, broadly defined as the creation and development of an enterprise (Figure 3.1). However, studies may assign different strengths to each of these elements depending on the focus of research. They can contribute to knowledge on the person with respect to entrepreneurial behaviour, to knowledge on the entrepreneurial process and to knowledge on the entrepreneurial environment. There can also be combinations of any two or three of the dimensions as well as considering them altogether. In an ideal case, they are all taken into account, as well as their interrelatedness (interaction).

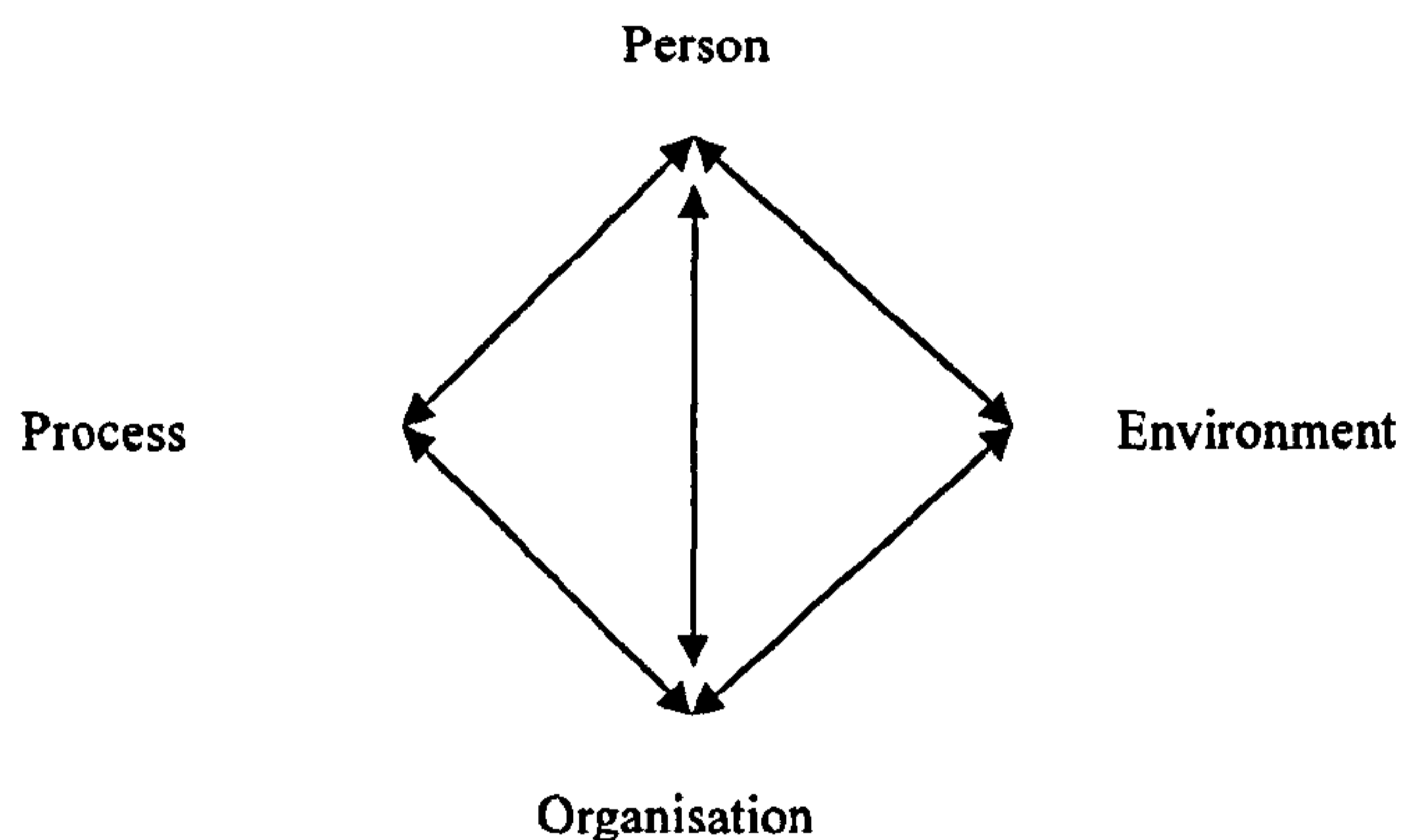


Figure 3.1: Interactive framework of entrepreneurial behaviour
Source: Author's presentation based on Gartner (1985).

From a macro-level point of view, entrepreneurship is embedded in the political, economic and social environment. At a meso-level, the community influences it through its capacity and attitude. From a micro-level point of view, it is associated with human agency. These features of entrepreneurship, if taken into account, are closely linked to its contextual character.

One body of literature that can be identified within the contextual approach are entrepreneurship studies that focus on cognitive issues. Cognitive studies in entrepreneurship are about how entrepreneurs think. More specifically, they look at “how people perceive and understand the world and how it affects their behaviour” (Delmar 2006, p.159). Shaver and Scott's (1991) benchmarking study suggests a shift from mainstream research on entrepreneurial personality by arguing for a closer look at

the relationship between cognition and behaviour through considering the active agency of the entrepreneur. For that purpose, they draw on social cognition views as rooted in the psychology field. In his discussion of cognitive studies, Delmar (2006) argues that cognitive models have both the ability to explain complex behaviours and to account for differences in choices. Furthermore, he argues that cognitive theories “make it possible to understand better the interaction between the characteristics of the situation and characteristics of the entrepreneur” (Delmar 2006, p.159). In this sense, they focus more on situations that lead to entrepreneurial behaviour than on the personality of the entrepreneur (Shaver and Scott 1991; Baron 1998). However, cognitive studies examine how differently entrepreneurs think in comparison to other people (Baron 1998). Thus they tend to search for reasons to differentiate entrepreneurs from non-entrepreneurs, similar to studies within the trait approach. The difference is that researchers have moved from identifying psychological characteristics to identifying cognitive characteristics. However, cognitive characteristics and processes are believed to be susceptible to change.

Authors arguing for the presence of a learning process in entrepreneurship can also be placed within the contextual approach. For example, according to Brockhaus and Horwitz (1986), parallel to the growth of the organisation the entrepreneur is adjusting his/her ability to deal with increased complexity. In contrast, Gielen *et al.* (2003) see entrepreneurial learning as placed in a multidimensional knowledge space which includes the product chain, the professional sector and the socio-economic region. The assumption for presence of a learning process can be related to a trend in conceptualising personality traits from relatively fixed and ‘given’ to ones that are susceptible to change as a result of learning and experience. It is supported by Littunen (2000) who argues that personality characteristics are influenced by the learning process accompanying the becoming and acting as an entrepreneur. This development is embedded in the interaction between individual and enterprise. The interactive perspective suggests that entrepreneurial behaviour is a result of a person-situation interaction (Delmar 2006). It has been further extended to the stages of enterprise development as part of the entrepreneurial process. An example is the research by Watts *et al.* (1998) who suggested that growth can be understood as embedded within an interactive dynamic relationship between the enterprise and its environment. The authors attribute the latter to the underlying processes of adaptation and learning inherent in the relation between individual and enterprise.

3.1.4 The ‘cultural turn’ and the contextual approach

This sub-section aims to highlight commonalities within different approaches to research on entrepreneurial behaviour in the small business literature and rural studies on the behaviour of farmers. It draws attention to existing debates within the social sciences that can serve as a point of connection between the ‘contextual’ approach in entrepreneurship research and the so called ‘cultural turn’ in human and rural geography.

Within both the agriculture and small business entrepreneurship literatures there is a similar trend that is relevant to research on entrepreneurial behaviour among farmers. This development can be attributed to a broader trend in social sciences that employs relativist and subjectivist perspectives. A distinctive feature of the social sciences is its dealing with behaviours and institutions attributed to people. Social theorists have acknowledged that there is a two-direction connection between people’s behaviours and institutions (Giddens 1982). This means that people shape behaviour and social institutions, as well as institutions having an influence on people, which in turn leads to altering behaviour and changing institutions. As a result, any law-like relationship or explanation found in the social world is subject to change rather than having a permanent character.

A number of characteristics are common in the two bodies of literature with respect to this trend:

- It gathered speed during the mid-late 1990s.
- In broad terms, it is associated with the application of qualitative approaches and the adoption of subjectivist views.
- It represents a change of view on research on human behaviour – that is from an unidirectional to an interactive view of behaviour.

Within agricultural studies, this trend is termed the ‘cultural turn’. It focuses on understanding difference, identity, representation, meaning and language (Burton 2004). The ‘cultural turn’ in agricultural studies is viewed as an opponent to the deterministic view of behaviour in political economy research (Buttel 2001) or the rationalist view of behaviour in studies within the so called behavioural approach (Burton 2004). Past research within the latter is recognised as providing simplistic accounts of human behaviour. Moreover, some of its methodological features – quantitative measures of

psychological constructs, structured questionnaires and individuals taken out of their social and familial milieu – are recognised as drawbacks (Burton 2004). Cultural studies have effectively taken over from behavioural studies on research on farmers' behaviour. The 'cultural turn' looks at the cultural and historic background of people. It represents a change of interest from 'explanation through causes' to 'explanation through understanding' of behaviour. According to Morris and Evans (2004), studies within the 'cultural turn' have contributed to increasing the awareness of the heterogeneity of farmers who have often been treated as a homogeneous population when it comes to the meaning of farming to them. The two authors also suggest that a consideration of culture in agricultural geography has enriched the understanding on farmers' identities and life worlds.

The entrepreneurship literature indicates what looks like a similar change in perspective. However, it is driven by the peculiarities of the entrepreneurship phenomenon, the arguments around its nature, the lack of unity around its definition and the scope of the field. Some of the studies within the contextual approach discussed earlier can be placed within the cultural trend as it indicates a move away from realism¹⁷ and objectivism. Within the entrepreneurship literature, the debate is often rooted in the quantitative / qualitative nature of the employed research methods *per se* (Bygrave 1989). According to some defendants of qualitative research on entrepreneurial behaviour, the use of theories borrowed from other disciplines produces results that are of little value for entrepreneurship practice (Bygrave 2007). The author further argues that more empirically-rooted research can contribute to bridging the gap between theory and practice. However, this argument is more in favour of an empiricist rather than interpretivist perspective. Other authors argue that methodological diversity would advance knowledge-building and would strengthen the position of the research field by stimulating debates and contributing with new theories and understandings (Grant and Perren 2002; Neergaard and Uihøi 2007).

The proposed framework of paradigms in the social sciences in Figure 3.2 can be used as a meta-level point of departure for understanding any change in perspective within entrepreneurship research as it illustrates major assumptions behind two dimensions: philosophy of science and theory of society. The discussion of different research

¹⁷ Critical realism studies of entrepreneurship are an exception because of their realist ontological position. However, they are included here because of their interpretivist approaches to explanation.

agendas within the entrepreneurship field falls mainly within the functionalist or the interpretive perspectives¹⁸ (Steyaert 1997; Jennings *et al.* 2005; McElwee and Atherton 2005). From a methodological point of view, functionalist studies use predominantly quantitative methods and interpretive research uses predominantly qualitative methods. Authors note that during the last 20 years the interpretive paradigm in entrepreneurship studies has increased (Jennings *et al.* 2005; Neergaard and Ulhøi 2007). However, functionalist research still dominates the field.

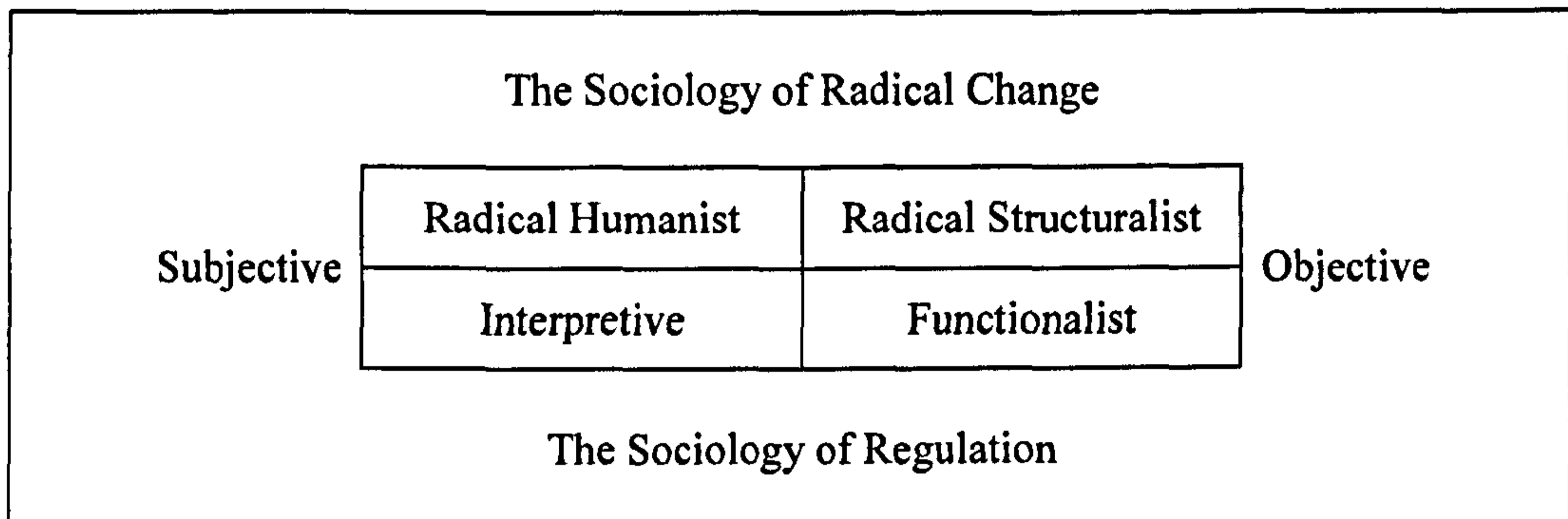


Figure 3.2: Framework of social science paradigms
Source: Burrell and Morgan (1979, p.22).

Similar to calls in favour of the development of the ‘cultural turn’, entrepreneurship research drawing on the functionalist paradigm is criticized for writing the individual person out of the story (Jennings *et al.* 2005). This happens by treating entrepreneurs as a homogeneous group and concentrating on ‘objective’ facts. Such research cannot account for emotions, persistence, determination, creativity, values, ethics and integrity (Timmons and Spinelli 2007). Thus, an understanding of entrepreneurship as the creation and development of an enterprise within both the ‘cultural turn’ in agricultural research and the contextual approach (interpretive paradigm) in entrepreneurship research needs to be strongly oriented towards the individual person who engages with entrepreneurial behaviour. Furthermore, the factors that can be associated with engagement in entrepreneurial behaviour need to be considered from the perspective of the individual person. It is concerned with finding explanation through understanding rather than through causality for why and how individuals start-up and develop new businesses. Moreover, it allows one to account for the dynamic, situational and complex nature of the occurrence of entrepreneurial behaviour by placing it in a historic, cultural

¹⁸ Radical Humanist and Radical Structuralist paradigms are not subject to this review.

and social context. This dynamic perspective assumes that an individual changes along with the enterprise and as a result of lived experience.

3.2 Key dimensions of entrepreneurial behaviour – a framework

This section outlines a conceptual framework that underlies the employed methods of empirical data collection and analysis presented in the following chapters. The present research employs a view of the individual entrepreneur and the small business in conceptualizing entrepreneurship. Entrepreneurship is conceptualised as present in the relationship between individuals and their businesses. Furthermore, entrepreneurial behaviour is examined in an integrated framework, which takes account of the existing social, economic and political context. Within the employed perspective, the phenomenon can be viewed as a result of change, as well as a reason for change.

The remaining part of this section presents and discusses the key dimensions of enterprise creation and development that form the conceptual framework for the research. It consists of three parts. The first part reflects a 'person' perspective in the process of enterprise creation and development. The second part discusses the conception of the process itself. Considerations of family embeddedness in the interaction between individual and enterprise are the subject of the third part. The framework is represented schematically in Figure 3.3:

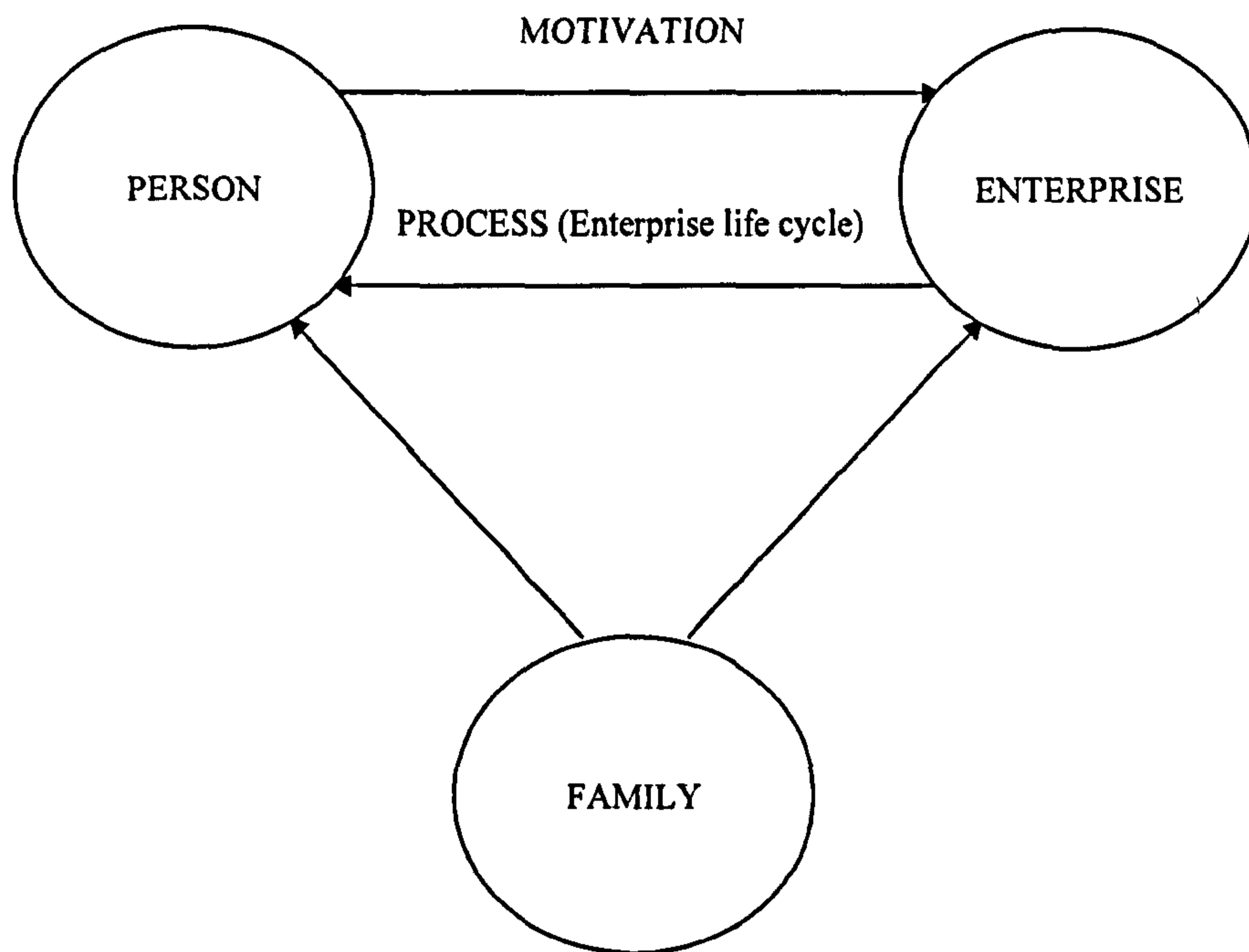


Figure 3.3: Conceptualisation of entrepreneurial behaviour

3.2.1 Person – dimension

From a human behavioural perspective, motivation can be understood as the driver for taking action (Shane *et al.* 2003). There are two main perspectives on the concept of motivation in entrepreneurship research: first, as a personality trait, for example the ‘need for achievement’; and second, as a factor in entrepreneurial behaviour within the cognitive and behavioural studies. The field of psychology suggests that one of the reasons to study motivation is to find out why different individuals react differently to the same stimuli (Pervin 2003). This implies that individual motivations help understand decision-making and behaviour.

The factors contributing to the motivation for undertaking entrepreneurial activity are often divided in two groups, namely push and pull factors (Herron and Sapienza 1992; Deakins and Whittam 2000; Psaltopoulos and Skuras 2000; Davis and Pearce 2001). Push factors are related to a negative motivation for entrepreneurship and can be evaluated as an obligation for change in the existing circumstances. In contrast, pull factors suggest positive connotations and can be assessed as a desire for change.

Deakins and Whittam (2000) interpret positive motivations as related to the presence of a wish to be an entrepreneur and negative motivations as related to having a restricted choice for doing something else. Examples of push factors are losing a job or dissatisfaction from a job. Examples of pull factors include the parent as a role model for entrepreneurial behaviour, desire for independence and being one's own boss. As a result, some authors differentiate opportunity-based entrepreneurship and necessity-driven entrepreneurship (Rametsteiner *et al.* 2005). Other relate the underlining motivation for the start-up of a new enterprise to the consequent degree of success of that enterprise (Brooksbank 2006). After analysing small business data, Brooksbank (2006) noted that entering self-employment as a result of push motives may result in poverty, future insecurity and a circle of interchanging periods of self-employment and unemployment.

The argument of assigning push or pull characteristic to start-up motivation and relating these to qualifications of the owner-managers and their enterprises also characterises the agricultural literature. Some authors have demonstrated a presumption that push factors led to the creation of non-entrepreneurial new enterprises by farmers (McElwee 2006b). Further evidence from the literature suggests that it has already been applied with respect to entrepreneurship in the agricultural sector in post-socialist countries as well. One example is by Rizov (2005) while assessing the choice between wage employment and self-employment in farming. In another example, Momsen *et al.* (2005) argue that in rural areas the effect of unemployment and lack of alternatives is a stronger push factor for entrepreneurship than it is in urban areas. The post-socialist agricultural literature maintains the assumption that undertakings aimed at subsistence and security cannot be considered entrepreneurial. For example, Brown and Kulcsar (2001) assumed that entrepreneurship is a result of pull factors only, and that necessity and hardship do not lead to entrepreneurship.

Research on the motivation of post-socialist small business owners is also in line with the already identified division of literature between agricultural and non-agricultural enterprises. The study by Bartlett and Rangelova (1997) on small non-agricultural businesses that started-up in the early 1990s indicated that opportunity recognition dominated over loss of job as a reason for start-up. The two authors were also led by the assumption that start-up for economic survival is not entrepreneurial behaviour. In contrast, Malamova (2000) focuses only on incomes from agriculture as a motivational

factor and compares those with a calculated level of income necessary for reproduction of the household to make inferences on the existence of farms in the future. Lack of motivation for higher achievement under collectivised agriculture has been revealed in the study by Meurs *et al.* (1999). This suggests that lack of achievement motivation and competitive spirit within planned economy conditions can be expected to be spread across all sectors of the economy (Giordano and Kostova 2000b). Furthermore, Namerova (1999) reported encountering 'restitution enthusiasm' among relatively older rural residents which, in the beginning of the 1990s, motivated them to undertake private farming on their restituted land. This suggests that for a better understanding of the contemporary motivations of farmers for starting up agricultural or other business activity can be useful to consider the specific historical conditions.

The dichotomous division of motivations is in line with previous research attempts to divide people into entrepreneurs and non-entrepreneurs. However, there are two reasons why the pull/push dichotomy fails to capture reality and is of limited usefulness for research on the entrepreneurial behaviour of farmers (small business owners). First, authors focus on the factors and their pull/push character rather than on the motivation of the individual (Psaltopoulos and Skuras 2000; McElwee 2005). Second, the use of push/pull categories predetermines assumptions that a certain reason has either pull or push role. If the evaluation of reasons is grounded on the actual data, assigning them to either of the two can be an oversimplification. On the one hand, the same reason can have either a pull or push role when it is interpreted in a specific context. On the other hand, individuals' actions can be attributed to multiple reasons and these can be interpreted as either push or pull in nature. They participate together in framing the behaviour of the individual and are of little value when taken on their own. Different studies attribute the same type of motivation source to either of the two groups. For example, dissatisfaction from job can be interpreted as a push motive but, when combined with the personality trait 'need for achievement', it can be interpreted as a pull motive. At the same time, entrepreneurship research has been criticized for insufficient consideration of the role of motivation in the entrepreneurial process. This is seen as resulting in "theories of entrepreneurship that do not consider variation in the motivations of different people" (Shane *et al.* 2003, p.258).

Considering start-up motivation in the context of the interaction between the individual and the enterprise will provide a better understanding of the meaning of the start-up

drivers for an individual. In this way, the focus is not on the factors; it is on the motivation itself, because motivations in relation to the enterprise impact on the entrepreneurial behaviour of an individual and the success of the enterprise (Shane *et al.* 2003). In order to examine this relation, these authors suggest investigating how motivations might influence some individuals to make different decisions from others in the entrepreneurial process. Thus start-up motivations can provide a better understanding of the different approaches to enterprise development and growth by individuals. How entrepreneurs are motivated to act can be examined through interpretation of meaningful lived experiences (Berglund 2007).

3.2.2 Enterprise – dimension

The preceding sub-section suggests that individual and enterprise cannot be viewed separately from each other. Furthermore, there is a connection between them which is in the form of bi-directional interaction. This interaction can be conceptualised through a sequential stage-based entrepreneurial process that follows the life cycle of the enterprise. Following the change of enterprise along the sequential entrepreneurial process can be accomplished through existing growth theories. Widely acknowledged are the stage growth model of Greiner (1972) and the enterprise life cycle growth model of Churchill and Lewis (1983).

Greiner's (1972) theory of growth includes six stages. Each of them is distinguished from the previous by a crisis. It implies a linear pathway that is a function of time and size of enterprise. The structure of a business becomes gradually more sophisticated across stages and management becomes more distanced from the entrepreneur (Freel 1999). The first crisis is related to the entrepreneur as a person and is called 'crisis of leadership'. Increasing size of enterprise and the necessity for structural changes are attributed to the second crisis. The third crisis is rooted in the detachment of top management as a result of delegation. Formalisation of the business and sophistication of structure explain the fourth crisis. The last crisis is undefined by the author.

The growth model of Churchill and Lewis (1983) comprises five stages: start-up – survival/development – growth – maturity – decline. It is more general than Greiner's growth model as there are no explicit triggers between stages (Freel 1999). In their conception, the business life-cycle follows the idea of the product life-cycle (Smallbone

and Wyer 2006). “This model considers each development stage of a firm in terms of enterprise factors and management factors, the nature, form and significance of which change over time as the firm develops” (Smallbone and Wyer 2006, p.106).

These growth theories have been developed within the perspective of seeing entrepreneurship as extreme behaviour. They aim to capture businesses that achieve high growth and they are a minority within the small business population. Authors argue that most businesses would not go beyond stages two or three (Freel 1999). Furthermore, they aim at predicting which among all small businesses will achieve high levels of growth. Growth models are useful in providing a framework for the process of development of small businesses through distinguishing main stages.

In the agricultural literature, there is similar theoretical development represented by the concept of ‘paths of farm business development’. The typology is elaborated by Bowler *et al.* (1996). It originates from Bowler (1992) who based it on a political economy typology of farm businesses by Whatmore *et al.* (1987). Bowler *et al.* (1996) suggest the following paths of farm business development:

- scale enlargement through intensification and specialisation;
- diversification through additional business;
- pluriactivity through additional business or employment;
- maintaining scale and structure;
- scaling down;
- retirement.

These pathways aim at encompassing structural change in the business and re-deployment of productive resources (land, labour, capital). They are related more to business strategy of the farmer than to stages of business development. The pathways assume a specific structural change in enterprise (or the absence of it) in view of the assumed role of entrepreneurship in Western agriculture. For comparison, the enterprise life-cycle model is process oriented and does not aim to account for structural change, but the stage growth model does. The bi-directional interactive relationship between individual and enterprise is missing from the paths of farm business development; it is only in one direction – from farmer towards the enterprise. In contrast, in the small business growth models the entrepreneur reacts to changes in the business.

For the purposes of the present research, three stages of the entrepreneurial process are identified. These are in line with the early stages of the considered growth models:

1. Opportunity identification and start-up – Opportunity can be either created or just noticed and utilized. Nevertheless, opportunity recognition is related to a conscious search for change. The ‘start-up’ is not always clearly distinguishable and may be dissolved in other economic activities. This is because entrepreneurs often have fuzzy goals and learn their way through; achieving them is not a straight forward process. The start-up stage involves certain activities, which can be clearly identified as part of the process of establishment of an enterprise. These are reallocation and acquisition of resources; gathering and utilisation of knowledge and information; and – in the context of agriculture – the physical act of producing new product, and others.
2. Development of the enterprise – This stage may partially overlap with the start-up. It includes the establishment of different elements of the enterprise that may not be essential for starting it, but are preferable for running it. The main element of this stage is resource acquisition. After this is complete, the enterprise may not be further developed if such is the wish of the owner-manager, unless an external force pushes for further development.
3. Growth, standstill, decline of present activity with or without undertaking another economic activity in addition. The literature asserts that not in all cases is the later development of an enterprise related with growth. At this later stage of enterprise development, it is interesting to know what course is actually undertaken by the entrepreneur.

The so defined stages are not aimed at calibrating the process as researchers have already noted that boundaries between stages cannot be defined as clear-cut. The stages of the process are taken into account, as there are differences in behaviour across them. This view of the entrepreneurial process is not prescriptive and it is not expected that agricultural producers will see it in this way at all. It mainly helps to place events onto a continuum with a specified direction i.e. the identification or creation of opportunity precedes the actual start of the enterprise. Furthermore, the start of the enterprise may hardly be a justifiable moment of time because it is underlined by an incremental process where one thing adds to another, rather than a one-off start; however, logically it precedes the development of the enterprise where all organisational elements are put

together. The last stage is often assumed to exist and to be typical of entrepreneurial behaviour, although many entrepreneurs may decide to stay as they are.

Opportunity identification is related to the presence of context and strategy; it is not necessary for these to be clarified from the very beginning, but they must be present anyway. For a person to exhibit entrepreneurial behaviour, s/he must first react to change or search for change (i.e. create or recognise opportunity), and then learn and do something new.

Viewing entrepreneurial behaviour from a process perspective provides a framework for capturing lived experience. Following the process of start-up and development allows one to gain knowledge and experience that goes along with it. Consideration of the entrepreneurial process aims to acknowledge the dynamic nature of entrepreneurship. Thus the enterprise is seen as a dynamic process rather than as an entity in this research. Following the life cycle of the enterprise allows one to account for changes in the small business. These can be related to changes in the aspirations, perceptions and attitudes of the farmer. It provides a framework where growth history and future intentions can be explored in relation to key elements of the growth process i.e. borrowing and planning.

3.2.3 Family – dimension

The overview in Chapter Two suggested that a consideration of motives and goals and their influence on decision-making is a binding element between the literatures on agricultural enterprises (family farms) and family businesses. This research is looking at how family-related issues (where present) can help develop an understanding of the decision-making of individuals with respect to start-up and development of an enterprise. One reason for considering a family dimension is that the decision-maker does not act in isolation of his/her family with respect to their small business. Another reason is that the role of family members in entrepreneurship in agriculture already exists in the literature. However, theories of family farming developed in a specific context are projected onto studies of entrepreneurship in agriculture. The initial notion of entrepreneurship in agriculture is tentatively based on this model and this has implications for existing research in the field and its wider usefulness. Studies of agricultural adjustment take an extensive consideration of the connection between family and farm (Small 2005b). However, Western family farm theories are of limited

usefulness for the present research as they illustrate the Western European model of agricultural adjustment. The latter is unsuitable for encompassing developments in post-socialist individual farming (Swain 2000a; Chaplin *et al.* 2004; Small 2005b).

The role of the family is considered as part of the advancement of knowledge on small business entrepreneurship (Gartner *et al.* 2004; Fletcher 2006). However, research on family businesses is often treated as a separate body of literature to research on entrepreneurial behaviour. Research in a Bulgarian context has found evidence of a relationship between family and enterprise, both with respect to entrepreneurship in agriculture and in the case of non-agricultural small businesses (Creed 1998; Small 2005b; Manolova *et al.* 2006). Vunova (2006) identifies a strong presence of family values in Bulgarian small businesses as a result of reviewing a number of studies.

Some differences between the literature on entrepreneurship in agriculture and small businesses require a brief discussion on the unit of research and analysis. In the tradition of agricultural research, the focus is on the household, although the farmer is identified as such (Whatmore 1991; Carter and Ram 2003). Some of the research on entrepreneurship in agriculture follows this trend (examples are the studies by Lobley *et al.* 2002; Alsos *et al.* 2003a; Lobley and Potter 2004; Meert *et al.* 2005; Rønning and Kolvereid 2006). However, others tend to focus on individual farmers (for example, Carter 2001; Carter and Ram 2003; Vesala and Peura 2003; De Wolf *et al.* 2004; McElwee and Robson 2004; Vesala *et al.* 2007). Research on family businesses focuses on the family or the family firm as a unit of analysis. In contrast, most of the literature on entrepreneurship is clearly biased towards the individual. Entrepreneurship research has a long tradition of looking at the micro level and focusing on the individual entrepreneur and/or enterprise (Davidsson *et al.* 2001). Authors argue that a key to entrepreneurial behaviour is the individual who implements it and a core phenomenon within the entrepreneurial process is the emergence of a new enterprise (Davidsson and Wiklund 2001). However, in the case of family businesses it is not realistic to focus on one individual as 'the entrepreneur' and give this person all the credit for the undertakings of the family unit.

Carter and Ram (2003) suggest that a focus on the individual, in contrast to that of the enterprise, provides better insights into serial and multiple entrepreneurial experiences. Lack of a longitudinal element in entrepreneurship research is often perceived as a

weakness because, although entrepreneurship is a situational phenomenon, its understanding and explanation depend on the time span (Bird 1992; Malecki 2006; Bygrave 2007). Thus individual-oriented research allows compensation for the lack of a time element because it can encompass the life histories of the persons involved. It has a further benefit with respect to research on entrepreneurship in rural areas in that it accounts for seasonality and part-time characteristics of the businesses (Malecki 2006).

Researchers taking into account the family in small business entrepreneurship suggest that more research should be directed to the relationship between family and enterprise (Fletcher 2006). Sharma *et al.* (1997) stress the unexplored area of trade-offs between family goals and business goals and how this affects the business. They further argue for the use of interpretive research approaches that are integrative and account for the complexity and relativity of the constructs of the decision-makers operating in the family-enterprise situation. Encompassing the family aspect into the research on entrepreneurship and small-scale economic activity brings in non-rational elements, which are not compatible with the positivist tradition in research on economic behaviour of individuals (Fletcher 2006). Positivism and rationality cannot account for emotions, which are embedded in family relationships and penetrate the business system. Furthermore, such research cannot account for the emotions and feelings which are inherently attributed to each individual person.

This research takes a small business perspective and looks at the involvement of family members rather than depending on the household involved in the enterprise. Furthermore, it looks at the individual farmer as well as the family as the research aims to account for the views of the entrepreneur. In this way, the research avoids an *a priori* assumption about the family character of Bulgarian farming while still accounting for the influence of family on the relationship between an individual and the enterprise. The study analyses the characteristics of the family / household and the role of family members in the enterprise of the decision-maker (involvement in decision-making, resources, structure of enterprise – along stages of the enterprise process). The family element contributes to an understanding of the individual-enterprise interaction.

3.3 Summary

This chapter has reviewed some key trends in the entrepreneurship literature and evaluated their usefulness for research into entrepreneurial behaviour in agriculture and especially with respect to farmers in Bulgaria. It presented and discussed three main approaches to entrepreneurship research, one of which was employed in the present study. Furthermore, an integrated conceptual framework was developed to direct the empirical investigation.

Key points resulting from Chapter Three include:

- Entrepreneurship research encompasses studies with various foci and methodologies. There is not a single leading paradigm and research is not rooted in a single discipline.
- Entrepreneurship research should not be limited just to extreme behaviour. Most start-ups result in small and micro businesses that cannot be attributed with entrepreneurial behaviour, if such a constraint exists. However, they are all examples of business start-up and formation.
- Previous research suggests that it is of a little value in trying to distinguish people who behave entrepreneurially from people who do not and entrepreneurs from non-entrepreneurs. People and context both change over time and this can result in a change in their status with respect to entrepreneurial behaviour.
- Entrepreneurial behaviour is thought to be strongly related to the context in which it is observed. Therefore, a contextual view may bring more valuable research outcomes than research that is based on a framework aiming for wider validity.
- A critical review of the literature suggests employing a research approach that views entrepreneurship as a unique experience embedded in the relationships between person, business and family. It takes into account cultural and historic backgrounds and can provide a better understanding of why and how farmers engage with their enterprises.
- This chapter provides the conceptual foundations of the research. These foundations are used to develop the methodological approach for examining the entrepreneurial behaviour of Bulgarian farmers in the next chapter.

CHAPTER FOUR

RESEARCH METHODS

After presenting the literature review and conceptual framework for the present research, this chapter explains the ways in which the empirical and analytical parts of the research are developed and implemented, together with the tools utilised for their implementation. By revealing and discussing the relevant issues on data collection and management, the chapter aims to verify the validity and credibility of the present research (Lee and Fielding 2004). The chapter consists of two main sections. The first section presents a justification of the sampling process represented by the choice of study sites and the selection of interviewees. Then the methods and stages of data collection are explained, together with the techniques of data analysis.

4.1 Sampling processes

This research took the whole population of farmers in Bulgaria as an initial starting point. Such a perspective was adopted as, at the beginning, the research assumed that every farmer was a potential participant. In addition, it did not aim to set *a priori* criteria with respect to farmers' businesses. For example, sampling was not focused on selecting only pluriactive cases having both agricultural and non-agricultural business. Neither was sampling restricted to examples of participation in the SAPARD or comparable programmes as this would limit the outcomes of the research to distinctive cases. Furthermore, it would reinforce assumptions that entrepreneurial behaviour is a characteristic of some farmers and not of others. However, drawing a random sample from the total population was not necessary for the purposes of the research. As a result, the selected population of farmers was approached through employing criteria such as rural area, demographics and type of agricultural sector. The latter were identified by existing academic and applied research as being related to the diversity of nature and scale of economic activities of farmers. In addition, they were relevant to the identification of opportunities from the perspective of the entrepreneurship literature.

The sampling process had two main stages which are discussed in the next four subsections. It started with an overview of rural regions and selection of specific regions. At the second stage, cases were selected within those regions while considering characteristics of the population of farmers.

4.1.1 Regional perspective and background information on rural areas

Existing research recognises that regional differences occur in the agricultural sector as well as in the economic behaviour of individuals (Bowler and Ilbery 1992; Andersson and Eklund 1999; Momsen and Szorenyi 2002; Beugelsdijk 2007). Favourable social and economic infrastructure is believed to be among the factors that positively influence entrepreneurship at regional and community level (Flora and Flora 1993; Skuras *et al.* 2000). Regional differences have an influence on observed agricultural production structures, on the level of profitability, and on the distribution of ownership of assets for agricultural production – e.g. land (MAF 2005a). Regions differ in their constraints and possibilities for agricultural production (Creed 1998). Furthermore, Andersson and Eklund (1999) argue that non-agricultural labour markets differ across rural regions. This can be translated into the expectation that opportunities for rural employment and their character are region-specific and would have an effect on the choice of undertaking one's own enterprise.

Choosing a settlement-based approach for sample selection was in line with the contextual view towards entrepreneurship as it facilitated obtaining a detailed description of the socio-economic conditions of the place. It allowed one to account for envisaged contextual features as well as unexpected ones. For example, specific regional characteristics may contribute to a better understanding of the entrepreneurial behaviour of farmers in that region. It further enabled placing the individual study participant within her/his local community and identifying possible relations that may arise in this respect. This approach to primary data collection recognised possible regional differences in the country. Thus the research results can be differentiated in terms of regional characteristics.

The country of Bulgaria is administratively divided into 28 regions, which are further divided into 268 municipalities, which host the settlements¹⁹. The officially adopted definition of rural areas is based on the OECD's definitions of rural areas²⁰ and includes municipalities, where the biggest town has a population of no more than 30 000 people and the population density is up to 150 people per square kilometre. There are 231 municipalities that fulfil the criteria. However, taking the administrative-territorial unit of a municipality is not suitable or necessary for the present research. Selecting as rural areas only rural municipalities would omit some parts of the territory of an "urban" municipality that could actually be better defined as rural.

Rural settlements in Bulgaria can be divided into a broad range of sizes (Table 4.1). Villages and towns are juridical-defined administrative and territorial units²¹. The practice is that villages become towns if they achieve certain characteristics, but towns do not tend to become villages, although throughout time they may lose their regional importance, population and administrative features. As a result, some demographically well-developed villages may be larger in population than some lagging rural towns.

Table 4.1: Distribution of settlements by size and type (year 2005)

Number of inhabitants	Settlements total	Villages	Towns and cities
< 200	2 353	2 353	-
200 – 499	1 235	1 234	1
500 – 999	846	844	2
1 000 – 1 999	507	491	16
2 000 – 4 999	252	159	93
5 000 – 9 999	61	3	58
10 000 – 24 999	41	-	41
25 000 – 99 999	30	-	30
100 000 – 499 999	6	-	6
≥ 500 000	1	-	1
Total number of settlements	5 333	5 087	246

Source: National Statistical Institute (2007).

¹⁹ The regional view of the present study narrowed down in the following direction: country (NUTS1) → region (NUTS3) → municipality (NUTS5) → settlement.

²⁰ There are other definitions of rural areas available from official sources. For example, the European Commission's definition of rural areas includes those municipalities that have at least 90% or more of their territory classified as agricultural, forestry, or natural (Euracademy Association 2004). Lack of unity with respect to the term can be attributed to the existing diversity of rural regions that cannot be encompassed in a definition based on only one or two criteria.

²¹ Law for Administrative Territorial Division of Bulgaria, State Gazette, no. 63, 3 Aug 2007.

4.1.2 Selection of study sites

This sub-section discusses the criteria for selecting rural settlements and the logic behind the application of those criteria. It then explains how rural settlements were chosen and offers a brief description of the study sites included in the present research. In choosing the regional setting of the present research, differences in natural features among regions and the proximity to urban centres were considered. These two criteria were translated into differentiating rural settlements according to their relief features and how distant they were from an urban centre. The primary aim for considering these differences between rural settlements was to obtain a diverse sample of agricultural producers who were faced with a variety of opportunities and experienced differential access to available resources.

Agricultural geography can be used as a starting point for differentiation of rural areas. It “utilises broad place distinctions founded in physical space as a way to add dimensions of specificity or comparison to empirical research” (Morris and Evans 2004, p.104). The authors further point to three common groups of regions – ‘uplands’, lowlands and ‘urban fringe’. There is not such an accumulation of research practice on Bulgaria that provides a fairly well-established division of rural areas. Nevertheless, the two key characteristics – relief and proximity to an urban centre – have been the subject of attention in previous research.

Previous reviews have shown that rural areas close to urban centres are in a more beneficial position with respect to opportunities for non-agricultural diversification (Ilbery 1991; Bowler and Ilbery 1992; Meert *et al.* 2005). The proximity to an urban centre can influence economic activity in rural regions in terms of access to employment, variety of income generating activities, access to broader and/or various markets (Meert *et al.* 2005) and access to information. Furthermore, research suggests that, despite the rapid development of communications, spatial distance still has a strong influence on many key transactions for economic and social activities (Storper and Scott 1995). Differentiation of rural regions according to their proximity to urban centres encompasses important environmental features. It is expected that an urban centre will provide more economic opportunities to the settlements near it, as well as better economic and social infrastructure. Furthermore, applied studies provide evidence of substantial differences between rural and urban areas. They indicate that these

differences have deepened after the collapse of socialism (UNDP 2004). This provides a reason to assume that there are differences between urban fringe areas and remote rural areas and that the former may be in a better socio-economic position than the latter. In particular, unemployment has been found to be more common in rural than in urban areas (Kolev 2005) and this is expressed by higher levels of unemployment in remote rural areas when compared to the ones close to urban centres.

The existing academic and grey literature does not provide any division of Bulgarian rural settlements that can help differentiate those that are situated in the urban fringe from those that are remote. Previous studies often define the urban fringe as up to 20 km from build up areas (Ilbery *et al.* 1996). Kopeva *et al.* (2003) suggest through their research on rural regions in Bulgaria that travelling 41 kilometres on average to get to work is a big distance and that most of the job opportunities for rural dwellers are in the cities. In addition, they report that the level of development and availability of public transportation and related infrastructure have an impact on the accessibility of these jobs. For the purposes of the present research, all rural settlements in the country are divided into two main groups – 1. settlements in the urban fringe, which are situated within a 20 kilometre radius of the 28 regional urban centres; and 2. remote settlements that are outside the urban fringe.

Mountainous and semi-mountainous regions (denoted also as uplands throughout the thesis) are known to host relatively less developed rural areas in comparison to the lowlands. Studies have shown that the population of these regions depends on primary sectors such as agriculture to a greater extent than the people living in lowland areas (NORDREGIO 2004). It also can be expected that the type of region has an influence on the type of agriculture practised. Upland regions are expected to differ from lowland regions with respect to owner-managers' decision-making regarding capital investments. Applied research by Popov *et al.* (2001) has already found substantial differences in entrepreneurial behaviour among rural dwellers, and agricultural producers in particular, in the lowland and upland regions of Romania. The authors report that the mountainous regions have been affected to a lesser extent by collectivisation processes and control by authorities and, as a result, they are characterised by a more entrepreneurial population. The academic literature also provides examples that focus on entrepreneurship in mountainous and semi-mountainous regions (Psaltopoulos and Skuras 2000; Skuras *et*

al. 2005), suggesting that there might be important regional differences affecting the phenomenon.

Focusing on the two types of region according to relief features helps to maintain the balance of different types of farmers according to their production orientation. In the mountainous and semi-mountainous regions, there are fewer land resources for horticulture and arable farming in comparison to the lowland regions, but here are situated the majority of the pastures in the country and thus more livestock oriented holdings. In contrast, lowland regions hold most of the examples of arable farming, fruit and vegetable production.

Considering the two criteria for research site selection, and the two groups of settlements formed within each criterion, led to a division of all rural settlements into four distinctive groups with the following characteristics: 1. remote, upland; 2. remote, lowland; 3. fringe, upland; 4. fringe, lowland (Figure 4.1). Each group was represented by one rural settlement in the research.

Based on physical and demographic maps of Bulgaria, it can be stated that the majority of urban centres are situated in lowland areas. The settlements in proximity to urban centres are fewer in number than the ones that are distant. In addition, mountainous and semi-mountainous regions cover only about one third of the territory of the country (Creed 1998). As a result, there are differences in the number of rural regions that fall in each group. The smallest is the one for rural settlements that are in mountainous and semi-mountainous regions and are in the urban fringe.

In view of the access to potential interviewees, the first four reasonably accessible for the purposes of the present research study sites were selected. The study sites were intentionally chosen to be economically viable rural settlements (after Creed 1998) and were larger than the typical settlement for the country (see Table 4.1 and Table 4.2). They had sufficient population to provide a diverse sub-sample of farmers and relatively extensive social infrastructure in comparison to other settlements. In this way, smaller settlements of 500 people or fewer, where often more than 90% of the population are retirees, were avoided. Each of the study sites was given a name for the purposes of this research. It aimed to preserve the anonymity of the settlement as well as to lead to a

direct association with the features of the settlement through the descriptive nature of its name (Figure 4.1).

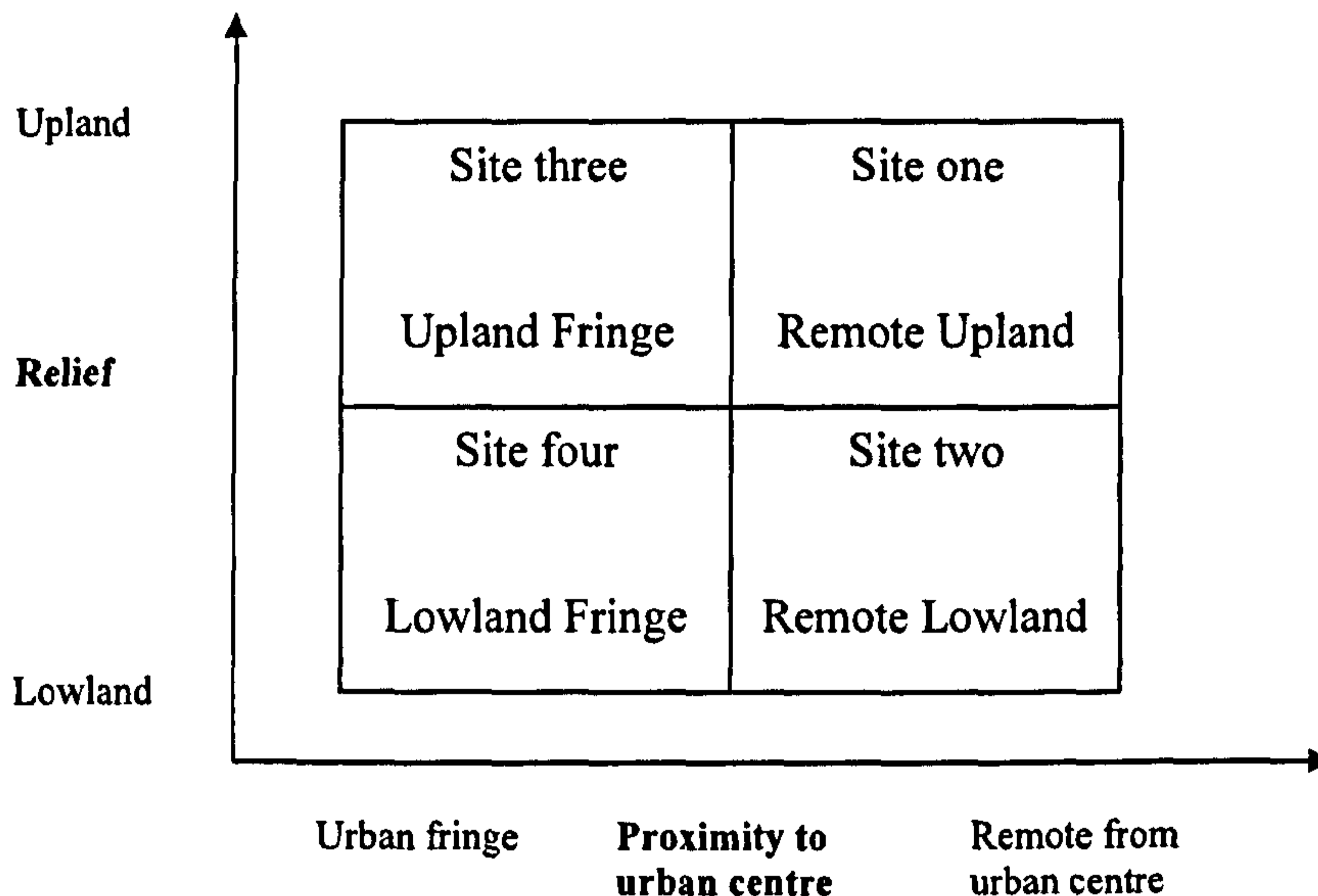


Figure 4.1: Study sites description according to the two leading criteria

The Remote Upland site was situated in a small mountain called *Sredna gora* (Middle mountain), which is South of the Balkan range²². In contrast, the Remote Lowland site was situated in the geographic area called *Dunavska ravnina* (Danube Plain). The Upland Fringe site was situated in the foot of the Rhodophe Mountain where it meets the *Gornotrakiiska nizina* (Upper Tracian Lowland)²³. Finally, the Lowland Fringe site was situated within the lowlands of the South East of the country, framed by the East Balkan on the North and the Sakar Mountain on the South²⁴. Each of the four study sites

²² The provision of a geographical map depicting the locations of the four research sites has been considered. Such a map was not included in the final thesis because of concerns for preserving the anonymity of all study participants as embedded in the research design. It was assumed that detailed descriptions of the sites and of the study cases, where applicable, were of greater importance to the quality of the research than the publication of the actual names and/or geographical locations of the settlements. Such precaution was considered necessary because the sample was collected at the level of rural settlement rather than broader rural or other administrative regions in the country. The sample contained some unique cases that could be easily identifiable if the study site was known and the principle of anonymity could be jeopardised.

²³ This place was not defined as mountainous according to the legislation (Ordinance no. 14 for the definition of settlements in rural and mountainous areas, State Gazette, no. 35, 16 Apr 2003) as in the case of the Remote Upland site because only part of its territory was situated in the hilly area and another part was situated in the lowlands. For the purposes of this study, it was considered a semi-mountainous settlement although no official definition of 'semi-mountainous' exists.

²⁴ The Lowland Fringe site was classified as a less favoured non-mountainous rural area for the purposes of the CAP of the EU by the MAF. Source: http://www.mzgar.government.bg/RuralAreas/LFA_spisak_11.04.07.xls Accessed 11 Feb 2008.

was drawn from a different region among the 28 regions at NUTS3 level (see Appendix 1 Study sites descriptions for more detail on the four areas).

Table 4.2 below illustrates the size of the population and the availability of agricultural land resources in each research settlement. It can be expected that semi-mountainous and mountainous rural settlements have less land resources, but this also depends on historical circumstances. The amount of land in each settlement has implications for the land ownership structure in that settlement and is relevant to farmers who are local to the settlement as the data indicated that owned land was mostly inherited. Nevertheless, it should not be seen as a major prerequisite or constraint on land tenure because opportunities for renting land can go beyond the land of the studied settlement and depend on the land resources of the neighbouring settlements as well (Kopeva and Noev 2001).

Table 4.2: Study sites' population and land resources

Study site	Inhabitants (no. of people)	Agricultural land (ha)
The Remote Upland site	2400	1700
The Remote Lowland site	5250	6930
The Upland Fringe site	5200	1400
The Lowland Fringe site	3000	2300

Source: Interviews with local authorities' representatives in each settlement.

4.1.3 Background information on the farming population

This sub-section reviews some available secondary data that provide a view on the population of agricultural producers in the country. The latter was used for informing the collection of a diverse sample of cases. The research needed to take into account that there were a substantial number of people who practised agricultural production for non-market purposes. There are legislative criteria officially adopted in the country that attempt to differentiate these producers from commercially oriented agricultural producers. According to the legislation, only registered agricultural producers can sell their agricultural produce. Such regulation in the legislation may aim at restricting the predominantly home production oriented farmers from the market, but it does not achieve it effectively, as the respective law has been in force since 1999²⁵. The registration is renewed annually. The number of registered farmers has changed from 16

²⁵ Ordinance no. 3/1999 on the creation and maintenance of agricultural producers' registry, State Gazette, no. 2, 8 Jan 2008.

000 in 2000, to 43 930 in 2003, to 77 100 in 2006 (MAF 2005a, 2007). However, it does not match the total population of farmers accessing output markets (Table 4.3).

Table 4.3: Distribution of farmers in Bulgaria by gender and importance of the agricultural activity

	Total no of farmers	By gender		By importance of agricultural activity	
		Men	Women	Sole or main occupation	Subsidiary occupation
No of people	534 613	440 095	94 518	389 414	145 199

Source: MAF (2006a).

Official statistics show that women form a little more than a fifth (21%) of the population of owner-managers of agricultural enterprises in the country (Table 4.3). More than a third of the agricultural producers (37%) practise farming as an auxiliary activity. However, the data do not specify the nature of the main occupation (e.g. job or business). Furthermore, they suggest that levels of pluriactivity may be higher as some of the farmers from the 'sole or main occupation' group may have more than one occupation.

Table 4.4: Distribution of farmers in Bulgaria by age

	Total no of farmers	By age group					
		≤ 24	25-34	35-44	45-54	55-64	≥ 65
No of people	534 613	2 056	20 212	55 465	96 151	139 168	221 561

Source: MAF (2006a).

The age distribution of Bulgarian agricultural producers favours elderly farmers as the average age of managers of agricultural operations is nearly 60 years old (MAF 2007). Statistics also suggest that every two out of five farmers are 65 years old or more (Table 4.4).

Table 4.5: Distribution of agricultural holdings according to Utilised Agricultural Area (UAA)

UAA groups (ha)	Number of farms		UAA	
	2003	2005	2003	2005
0	10 740	14 084	-	-
<0.5	332 198	259 997	76 505.4	56 424.4
0.5 – 0.9	169 546	118 345	116 086.2	80 246.0
1.0 – 1.9	89 964	78 276	120 203.3	104 680.1
2.0 – 4.9	41 857	40 491	121 714.5	116 933.1
5.0 – 99.9	17 364	19 604	274 174.7	313 985.4
100.0 – 399.9	2 056	2 138	430 775.7	416 456.1
400.0 – 999.9	1 238	1 121	784 255.2	693 026.3
≥ 1000	585	556	980 764.6	947 638.7
Total	665 548	534 613	2 904 479.6	2 729 390.1

Source: MAF (2007).

Sizes of farm, according to land area, vary widely (Table 4.5). Small-scale agricultural enterprises dominate, with an average size of less than 5 ha. The large-scale agricultural enterprises appear to be the ones that are also officially registered as companies – Ltd., sole traders, associations, etc. – with an average size of more than 100 ha (MAF 2007). A disadvantage of this division, which is focused on land area, is that livestock farms with little or no agricultural land attached to them are not appropriately accounted for. The dualistic structure is so strongly evident in the aggregated data that it makes little sense to identify a medium size stratum. The literature offers additional references on defining farm size; for example, Goldsmith (1985) defines small-scale farmers as the owner-managers of enterprises that are served predominantly by family labour. The available secondary data on Bulgaria show that small-scale enterprises are mostly supplied by family labour (MAF 2007). Nevertheless, it should also be mentioned that the large-scale agricultural enterprises account for about two-thirds of the utilised agricultural area, whereas the small and medium-scale ones look after the rest. This difference in scale suggests very different business dimensions for the owner-managers, taking into account that the data do not give any information on what other economic activities they are engaged in, if any.

Slightly more than half of the agricultural enterprises in Bulgaria are classified as mixed (within crop or livestock farming, or combining crops and livestock) and the rest are attributed to a specific production type (MAF 2005b). The secondary data suggest that most farms rear more than one type of livestock, for example cows and sheep, and grow more than one type of crops, for example arable crops and vegetables. There are five main livestock types – cattle, sheep, goats, pigs and poultry – that are well distributed across the country.

4.1.4 Sample selection

As part of the facilitation of the data collection process, the study employed a purposive convenience sample (Marshall 1996). It aimed to capture a diversity of multiple characteristics. As a result, it cannot be assumed that every farmer from the population had an equal chance of taking part in the research. The sampling process utilised two different techniques – assistance from local stakeholders and snowballing (Oppenheim 1992). Furthermore, it relied on several criteria for case selection: the most ‘well-known’ farmers in the settlement; variability with respect to pluriactivity (only farming,

farming and job, farming and other business); agricultural sector / production type; life stage; gender; and ethnicity.

Access to potential study participants was obtained from information and practical assistance provided by key informants. Considering the settlement-based approach to data collection and that formal organisations tend to be based in municipal or regional centres rather than in just any rural settlement, the availability of such stakeholders could not be guaranteed for this research. Furthermore, it can be expected that official organisations do not work with just any farmer but rather with the large-scale or most proactive ones. As a result of these considerations, access to the study sites was achieved through embedded local actors. In order to get access to these local actors, the researcher used personal contacts who had a connection of origin with the study sites. These contacts served as a medium to connect the researcher with the local person. The local person was a stranger to the researcher. Experience from the data collection process showed that the immediate family of the local person also got involved in facilitating the interview process.

The first study site (the Remote Upland site) was approached with the help of a local person. The second site (the Remote Lowland site) was approached through snowballing²⁶. To start with, various local actors, such as the mayor and one of the vets working and residing in the site, were used to facilitate the interviews. This approach involved the cooperation of the farmers themselves, as they were asked to recommend further potential interviewees and how to access them. The approach implied that the researcher was a stranger, both to the local person(s) and to the respondents, and gaining trust and willingness to participate in the research could be difficult. One unexpected result from this was that the interviewees from the sample were relatively closely linked together, meaning that they were more friends than acquaintances to each other and communicated regularly on a daily basis. During data collection, the interviewer felt that in some cases the interviewee seemed to be familiar with the possible questions and could offer some already prepared answers.

Comparing the two approaches, the active assistance of the local person made it much easier to convince potential interviewees that their participation was important and

²⁶ A technique for sample formation in which existing study participants facilitate access to prospective study participants (Oppenheim 1992).

valuable. As a result, gaining trust was much easier and this facilitated a smoother and less stressful data collection process. The quick and efficient gaining of the trust of the interviewee was important for the quality of the data obtained, and respectively for the quality of the research. This is why the local person approach was applied to the third and the fourth study sites (the Upland Fringe and the Lowland Fringe sites).

Using a local person had some disadvantages and these need be mentioned:

- It took some time initially to explain to the local person what was required and to make them understand the necessity for variability in the sample.
- The local person seemed to get disappointed and upset by refusals to participate in the research.
- The local person tended to drive the researcher towards the ideal sample that he/she imagined and this had to be taken into account to avoid unnecessary bias. This is why participants in these sites were also asked to help by recommending other potential interviewees. Snowballing, as an additional support to the local person approach, proved to be helpful.

A leading criterion for the selection of study participants was that they needed to be commercially oriented farmers; thus people who expressed a clear intention to produce output for sale were approached. This proved to be an insufficient criterion as it led to the inclusion of farmers with small-scale agricultural production which, during the interview process, turned out to be large-scale home production, justified by the presence of a large extended family. It also led to including commercially oriented farmers who were presently cutting down the scale of their activity to a level that will serve just the household needs. Another consequence was that some interviewees, who were externally identified as commercially oriented agricultural producers, preferred to self-identify as subsistence or hobby agricultural producers while the rest of the interview data suggested that this was not the case. This could be because they were reluctant to discuss their agricultural activity. Nevertheless, the criterion for commercial orientation was important for differentiating study participants who had business interests in agriculture.

In addition, an approach was adopted to start inquiring about the ‘most famous’ or the ‘well-known’ farmers in each settlement²⁷. These were expected to be relatively-large scale farmers who would play a key role in the agriculture of the study site. They were expected to be potentially data-rich cases. The ‘well-known’ farmers were very easy to identify through talking to various stakeholders in the respective settlement (i.e. present or former mayors, employees in the mayor’s administration, vets, farmers and residents). Most interviewees readily referred to the few ‘famous’ farmers in their settlement. Only in the Upland Fringe site were there no distinctive large-scale farmers and the middle-scale ones were more numerous and operating in various agricultural sectors to be easily distinguishable.

The diversity of agricultural production types was partially ensured through the selection of the study sites. Within each study site, producers with different production types were sought, as far as they were available. The purpose of the sample was to include different livestock types as well as different land-based activities.

Selection criteria included farmers who worked solely in agriculture as well as farmers who undertook other activities apart from agriculture, with no restriction on what these economic activities could be. These could be agricultural producers who were employed elsewhere or agricultural producers who were self-employed in non-farming businesses. Chairmen of agricultural production cooperatives were excluded from the sample selection because by definition the decision-makers of these organizations were not owner-managers²⁸.

For the purposes of the present research, younger farmers (age groups up to 35 and between 35 and 50 years old) were targeted where available. The selection of relatively

²⁷ It can be expected that most stakeholders in the settlement know them and can refer to them. Momsen *et al.* (2005) found out with respect to their study sites that local officials (local administrators) were acquainted with the “most successful” economic actors in the rural settlement. Therefore it can be expected that they can identify them and provide contact with them.

²⁸ At present, agricultural cooperatives tenure about 35% of the agricultural land in the country. There are about 1500 of them, and they are among the main competitors of largest-scale arable farmers. But there is a major difference between the coop form of organisation and the privately owned and organized individual or family operations. The coops are registered as juridical entities under a special law where the main idea is that the members elect a steering committee and a chairman, who manage the coop for the benefit of all members. The present research is oriented towards individual decision-makers, which is not the case with the coop chairmen. Statistical Yearbooks provide references for the decreasing importance of agricultural cooperatives in Bulgarian agriculture. In 1994, 70 % of the agricultural land in the country was farmed by cooperatives. By 2004, the share was 46 % and it continues to fall. Nevertheless, this does not suggest that agricultural cooperatives will disappear as important economic actors in the Bulgarian agricultural sector.

viable study sites was also a prerequisite for access to younger farmers in comparison to the whole farming population. There are several arguments for this decision. First, elderly farmers can be considered pluriactive because they have a second source of income in the form of a pension. Secondly, they can be expected to be less adaptive to change and this is relevant to research on entrepreneurial behaviour. Thirdly, studies have shown that the majority of entrepreneurs make their start-up in their 30s or 40s (Timmons and Spinelli 2007). And fourthly, the adopted sampling strategy did not discriminate against the elderly, but targeted active agricultural producers that could be potential study participants.

A sub-sample of 20 interviews per settlement aimed to cover the large-scale ‘famous’ farmers in the settlement (if they agreed to participate) as well as a number of medium- and small-scale ones, in an attempt to encompass the existing diversity in sizes of activities. The choice of 20 cases per study site was assumed to be sufficient for the purposive sample selection. Selecting an equal number of interviews in each research site was an *ad hoc* decision as it was not possible to know the number of farmers in each site beforehand because there was no officially published data on farmers and their characteristics at settlement level²⁹. In this way, no relative weight was given to any of the four research sites. It was expected that the size of the settlement-based sub-sample would provide sufficient data to allow the exploration of social networking and community-related issues.

The total sample comprised 83 interviews, which were distributed over the four study sites in the following way:

Table 4.6: Sample structure by study site

Study site	Number of interviews
The Remote Upland site	20
The Remote Lowland site	20
The Upland Fringe site	23
The Lowland Fringe site	20
Total sample	83

There were more interviews in the Upland Fringe site because a local official offered help with the process of recruiting interviewees after the first 20 interviews were implemented and the favour was accepted (Table 4.6). The additional interviewee

²⁹ Such data could be sought from the MAF. However, it was subject to rules facilitating the preservation of anonymity and would exclude types of farms if they were represented by only three cases or less.

contacts were purposively different from the ones already interviewed. The real names of the respondents were withheld and replaced with working names. Each study participant was assigned a unique name to avoid confusion.

The study sites were characterised by ethnic diversity. This is reflected to some extent by one study participant of Roma origin and six study participants of Turkish origin. Ethnicity was assigned to the respondents according to features that were recognisable by the observer i.e. using the ethnic language when talking to members of the family or the local community, or having a name of ethnic origin. Additionally, reference could be made to when other people from the local community defined the particular respondent as belonging to a particular ethnic minority. Self-definition regarding ethnicity was not specifically elicited for the purposes of the study. Direct questioning was not implemented in order to avoid tension during the interview process, which could arise by raising ethnicity issues.

The total sample consisted of 7 female and 76 male respondents. According to statistics by MAF (2006a), one fifth of agricultural producers in Bulgaria are women. In this sense, they are slightly underrepresented in the sample of farmers. This ratio between men and women can be explained by the adopted approach of sample selection and identification of the decision-maker with respect to the observed businesses. As already pointed out, eligible study participants – farmers who were also the decision-makers – were identified either through local persons, who facilitated access, or local farmers whose references were used for snowballing. The study participants' gender had implications for identification of the decision-maker and for understanding the role of other family members in the enterprise.

The sample contained some unique³⁰ cases according to the type of production or type of enterprise (MAF 2005b). These were found across three of the four regions and this is a sign that both local persons and informants who facilitated the snowballing aimed to contribute by presenting some special cases of farmers from their place. There are 229 fruit tree producers in the country and one of them was in the sample. Likewise, one of the 99 vine producers was represented in the sample. Extremely large-scale farmers cultivating more than 1000 ha are a minority (Table 4.3) and only one from the four

³⁰ Meaning rare when compared to data on types of farms according to the last agricultural census implemented in 2003 published in MAF (2005b).

study sites offered such a case, which was extensively referred to by other respondents and informants within that study site. No official data on poultry production subcontracting are provided; however, only one was represented in the final sample.

4.2 Data collection and analysis

The following section presents the methods of data collection and analysis and consists of four parts. It starts by justifying the specific method of primary data collection. The first sub-section also includes an overview of the research themes that led the data collection and explains the stages of the data collection process. The second sub-section discusses any ethical issues arising from the research. Issues related to the validity of the data and their limitations are outlined in the third sub-section. The last sub-section explains the techniques employed to analyse the collected data.

4.2.1 Interviews – design and process

It has been argued that interviews are the most suitable way for collecting data on people's experiences, opinions and feelings (Kitchin and Tate 2000). Interviews vary according to the degree of openness of the questions and the level of pre-determination of answers. These parameters further influence the pattern of asking questions. The more structured the questions and answers, the more structured the interview process is required to be. Collecting data through close-ended questionnaires requires following the ordering and the strict wording of the predetermined questions (Oppenheim 1992). At the opposite end are unstructured interviews that focus on particular topics for interviewees to elaborate on, without any particular wording or a formulated question. Such interviews usually provide fuller and richer data sets (Kitchin and Tate 2000). In between these two types, variations with different degree of structured can be found. Increasing the unstructured character of interviews also increases the likelihood of interviewer bias during the data collection process (Kitchin and Tate 2000). Interviewer bias may be found in the wording of the questions or in the ability of the interviewer to conduct less structured interviews as the latter require more concentration in listening and faster thinking, as well as skills in maintaining the conversation flow while not drifting away from the purpose.

This research employed semi-structured, in-depth face-to-face interviews containing questions related to specific themes (topics). These themes reflected the conceptual framework. Topical interviews are characterized by a more narrow focus on certain events or processes (Rubin and Rubin 1995). They involve using specific questions which help to channel the interview process into certain directions of interest, and yet the questions are open and allow the interviewee to express their world view within the specific area of interest and without predetermining or restricting the possible answers. A 'questions list', which some authors may also call an 'interview guide' (Kitchin and Tate 2000) or 'interview schedule' (Oppenheim 1992), was used for maintaining the navigation through research topics, while allowing for the elaboration of unexpected noteworthy responses to occur (Appendix 2 Interview schedule). The interviews employed mostly open-ended questions. These have been characterised by Silverman (2001) as follows. First, this type of interview reveals the unique point of view of the respondent about the surrounding world, and therefore it elucidates the respondent's own reality. Secondly, it assumes that no fixed sequence of questions is suitable to all respondents, and therefore allows for change in the order of the questions. This is useful if the respondent is willing to talk on a specific topic within the interest of the research before being asked about it. Thirdly, this type of interview allows room for respondents to 'speak up' some issues, which might not be included in the interview schedule initially but which may be important for the researched issue. Thus they are also quite convenient for an exploratory stage of research.

The semi-structured interviews covered four main thematic areas. The list of questions was distributed over the following areas:

- General characteristics of decision-maker and family / household – demographics, life history;
- Characteristics of the agricultural enterprise – history, structure, scale;
- Motivation and aspirations of the study participants;
- Development of enterprise; changes and plans.

The family theme was not represented by a specific sub-set of questions. Involvement of family members could emerge and be elaborated as a result of different questions from the list. Moreover, the nature and extent of family involvement could vary widely just as there could be a lack of it for a particular case. The themes were initially developed as a result of the review of relevant literature, as were the different questions

supporting each theme. Subsequent changes were made as a result of the exploratory data collection stage. These are discussed later in the section.

Study participants were informed that the research was about the socio-economic aspects of their economic activity. Mentioning the term entrepreneurship and its derivatives was avoided because of possible pre-conceptions relating to the widely held association between entrepreneurship and profitable business. Respondents would be expected to deny that their activity was profitable and to underestimate its merits. Several clues from existing literature are in support of the existence of such preconceptions among the populations of post-socialist countries. Marot (1997) points out that wealthy people are perceived as distinctive and standing above others and this is not in line with the post-socialist legacy of equality in society. Koleva (2001) reports observations about negative attitude in society towards wealthy people and successful businessmen. Other research suggests that the individualistic and competitive nature of entrepreneurship may be expected to negatively affect the quality of social relationships (Momsen *et al.* 2005), which have previously been strong. In a way, it can contribute to the departing of an entrepreneur from previously close connections.

Another assumption, embedded in the research design, was that respondents may be reluctant to state specific data on their wealth and, instead of being sincere, would rather decrease the real numbers and/or value of their physical and financial capital. Understating wealth and ownership has been identified by the anthropological literature through the work of Semov (1999). Furthermore, specifically in the agricultural sector, a study by Creed (1998) highlighted villagers' tendency to under-report livestock numbers. The same author identified a tendency for understating agricultural land ownership, highlighting it as one of the drawbacks when examining the land privatisation process in the beginning of the 1990s. The understating issue can be explained by a few facts. First, the Bulgarian farming sector, as a private activity, does not have a tradition of being subject to accounting. The Farm Accounts Data Network has only recently been created for the purposes of EU accession and it involves only a sample of farms. Just the largest scale farmers, who are a minority in the country, have experience of declaring the size of their activity due to legislative norms, which require an economic activity of a certain size to be registered and accounted for tax purposes. Second, primary farm production is not a subject of income, corporate and VAT tax legislation, but there have been constant rumours throughout the years of transition that

this can happen. As a result, farmers are reluctant to declare all of their assets and earnings for the purposes of tax legislation. Moreover, a few were concerned that information from this research may be used for such purposes. Third, Semov (1999) argued that this has persisted for different reasons during different times throughout history. An additional argument comes from the experience of the researcher during data collection, whereby farmers tended to draw attention to the highest possible price of an input given the particular market situation. They also tended to emphasize the lowest possible price of agricultural outputs, irrespective of the market channel that they were using.

To help ensure the quality of the data received from the farmers, all interviewees were initially informed that the research was not interested in the size of their incomes or profits, and they were not going to be asked about them. As for the number of their various assets, information was collected in order to classify the respondents for sampling purposes. Furthermore, it was necessary for a better understanding of the context of their enterprises. However, obtaining exact numbers on financial aspects of the businesses was not among the aims during the interview process.

Data collection was implemented in five rounds of interviewing. The first round was an exploratory one because the interview questions and techniques were tested in the field. It was implemented in September 2005 in the Remote Upland site and included 13 interviews. The remaining four rounds referred to each of the four study sites, where study site one was visited for a second time to collect seven more interviews in order to maintain the balance of the study site sub-samples within the whole sample. These were implemented during the period November 2005 – February 2006.

During the exploratory round of interviews, the researcher was getting used to the research process. The researcher was aware of this ongoing learning process and the data collection experience was related to trials and errors. Some adjustments to the interview schedule were implemented as a result of the exploratory interviews. Part of these related to amendments in the wordings of questions which needed to become clearer to the respondents. Others were related to expanding and reducing the scope of certain themes. For example, as a result of the exploratory interviews, the social network theme became less important, although it remained as one of the key themes. The initially assumed major role of social networks did not gain sufficient support from

the data. On the other hand, family involvement attracted more attention. During the exploratory stage, it became evident that in some cases household members had substantial influence on entrepreneurial activity. This resulted in collecting more detailed data on occupations and participation in the common family business by household members.

The exploratory interviews yielded insufficient data on the managerial role of the farmer in the development of the enterprise; consequently, the main data collection phase contained more questions on this theme. This early stage also revealed a stronger than expected influence of life histories and past experiences on the present economic behaviour of the farmers. As a result, in the remaining data collection interviews, these issues were given more attention. Despite some changes in wording and questions, the data obtained from the exploratory interviews fed into the rest of the data for the present research. Thus, all collected data are treated as part of one data set.

An approach was implemented for reducing non-response bias that could have negative results on implementation of the interview process (Oppenheim 1992). To reduce the possibility of refusals from part-time farmers, who were also full-time employees elsewhere, flexible interviewing times were necessary. It included interviewing during holidays (weekends or public holidays) and in late afternoon - early evening hours, when it did not interfere with agricultural or other work. Also, to facilitate the process, many interviews were conducted during the beginning and throughout the winter period. During this time of year, the majority of agricultural work in the open is finished - the crops are harvested and livestock are not taken to the pastures due to bad weather. The researcher made every attempt to ensure that refusals to participate in the research were not due to circumstances that could be avoided by more flexible organisation.

Interviews were undertaken in an array of settings, chosen by interviewees or suggested by the researcher and agreed with the interviewee: at the interviewee's home; in the garden of the home; in a coffee shop; at the working place of the interviewee, which can be either the agricultural working place or the non-agricultural working place. These included – an orchard, pasture, barn, farmyard, car maintenance workshop, shop and administration office.

4.2.2 Research ethics

Tape recording of the interviews, as a tool for more precise data collection, was performed. Through a unified disclaimer at the beginning of each interview, the researcher assured the respondents that the research did not aim to do any harm to their livelihood and economic activity, and that their participation should be voluntary and their anonymity would be preserved from disclosure in general and in any subsequent publication resulting from the research (Appendix 2 Interview schedule). Tape recording was performed after a verbal consent was obtained. Revealing the ethical part of the research did not seem to help those who were feeling restrained by being subject to questioning about their life and economic activity. On the other hand, the respondents who were willing to take part did not seem to be concerned with these ethical issues and did not pay attention to them when they were inevitably mentioned in the introductory part of the interview. They were interested in what the research was about and seemed pleased that this type of work takes account of them and values their opinions. Tape recording did not appear to be a restraining factor for the interviewing process. The only request by some of them was that the harder language used (swear words) should not appear as a quotation in the final work.

Another issue that seemed to be highly appreciated was the attempt to adjust data collection work to respondents' work schedule and leisure time. As a result, most interviews were conducted in a non-pressured environment and in individual settings created by the respondents, at a time specified by them. In many cases, interviews were set up for later that day, or even for the next day. This approach prevented the disregarding of respondents due to unavailability "right here, right now"; such patience and flexibility is one of the most important resources of the research student.

Research ethics from the researcher's point of view were not an issue other than assuring one's own safety in any other life situation. The researcher is a native to the country of research and to the culture of the people; thus there were no real dangers during the field data collection phase of the research.

4.2.3 Data validity and limitations

The adopted research method does not require, and even denies, absolute objectivity of the researcher towards the researched (Sarantakos 2005). Nevertheless, the implementation of the research still needed to be supported by criteria for ensuring the collection of truthful data, even if such data were subject to interpretation. The issue of truthfulness of data cannot be disregarded and should be addressed (Sarantakos 2005). The researcher's influence on data quality and content has been minimized and was yet inevitable. The researcher made the necessary effort to accept every respondent's answers in an open-minded way, in order to avoid unintended data omission due to "not being a good listener".

A widely established method of assessing the validity of qualitative research is triangulation. However, it cannot be applied to the present research which uses a single method of data collection. Triangulation involves the application of two or more methods of data collection (Neuman 2006). Another way of applying triangulation is through employing case studies where multiple perspectives are used to portray the same issue, often through using multiple methods of data collection (Yin 2003). Nevertheless, this research can draw on some techniques for increasing the validity of the data as the latter affect the validity of outcomes obtained through the analysis. For example, this research draws on ecological validation as it was implemented within the natural environment of the interviewees and the methods employed have taken into account the life and condition of the researched (Sarantakos 2005).

One of the identified limitations of the present research was that occasionally there was no direct access to the main decision-maker. Owing to patriarchal traditions, even if the father had withdrawn from actively leading the activity, he could still be identified as the main person with respect to this activity by members of the local community. The latter were the main informants for potential interviewees to the researcher. As a result, the researcher may have ended up talking with him instead of the younger successor.

Obtaining valuable and credible research data required clear justification of the level of analysis. But, loyalty to the study participants required acknowledging what was beyond the simple division of decision-maker and household. The data showed that sometimes more credit was given to the identified decision-maker by other household members

during the interview process. While trying to identify the influence of other household members on the decision-making process, several respondents suggested that decisions on economic issues of the household were influenced by and depend on other members of the household (mainly by the spouse/partner). In many cases, the parents' couple or the wife was encouraging an image of independent decision-maker, even though their narratives were in contradiction to this.

In the present research, some interviewees spoke in general when they answered a question and some spoke from their personal point of view. This may be due to the different perceptions that they had about the interview process and the research in general. The first may have thought that they were expected to give a widely valid answer to the question, whereas the second preferred to provide their own opinion, without attributing ultimate validity to it. In both cases, answers were treated as personal opinions, unless a specific reference to a second source had been given by the interviewee. There was a similar situation with regard to the questions examining experiences. Some respondents may have answered a question in general and by speculating on non-existent examples, whereas others referred to their own experience and thus offered a personal view. Non-personalised statements were treated with caution, especially where interview data suggested that personal experiences differed in the particular case. Researchers suggest that to strengthen claims that use such data as evidence one can consider what other people in the field say, look for confirming evidence and check for internal consistency (Neuman 2006).

4.2.4 Analytical methods and procedures

In this research, the unit of data collection is the same as the unit of analysis, namely the individual decision-maker. The data collection was implemented across four different geographical settings, each of which contributed to the diversity of individuals and agricultural sub-sectors represented in the sample. As a result, the main analysis of the whole data set started after all cases had been interviewed (Gibbs 2002). The dataset represented a snapshot of the reality of the study participants as it was reflected in their terms. It consisted of opinions that were contextually loaded and this must be taken into account because using data outside of their context can decrease their credibility as evidence. Furthermore, the researcher's own assumptions and background may influence the interpretations (Gibbs 2007).

Out of the 83 interviews, only four were not tape recorded due to lack of consent from the interviewee and these were hand written instead. The richness of data from these interviews is not comparable with the tape recorded ones. The tape recorded interviews were transcribed into English through parallel translation.

The data analysis started with a descriptive review of the whole sample. It involved identification and tabulation of categorical variables in the SPSS software package. Attributes of the study cases were examined through descriptive statistics and cross tabulations in search of noteworthy relationships between individual characteristics, experiences and businesses. A total of 38 variables were created (Appendix 3 SPSS database and variable list). They represented categorical and numerical facts about the individuals (demographics, occupational experiences), their households (dimensions) and their enterprises (assets, sector). The obtained quantified generalisations aimed to enrich the analysis, to support the illustration of the sample through the data and to bring the reader closer to the context. They have minor analytical value on their own and should not be understood as an attempt to support conclusions that can be generalised to the whole population of farmers from which the sample was drawn. It has already been pointed out that using tabulations of qualitative data provides strength to the analysis (Coffey and Atkinson 1996; Silverman 2001).

A second database was created for the analysis of interview transcripts. Its management was facilitated by the use of NVivo 8. Data entries were organised by cases which was in line with the level of analysis (Gibbs 2002). The analysis of interview transcripts involved searching for patterns within the data with respect to the examined processes in the conceptual framework. It involved actions through which themes and concepts from the existing literature were translated into codes and categories from the empirical data. Analysis of interview transcripts was implemented in two steps: 1. coding according to concepts within the themes of the conceptual framework; 2. categorisation of data with respect to different concepts. The topical character of the interviews ensured that certain themes were covered. The latter served as a basis for initial data coding. Coding of the data allowed restructuring from chronologically case-wise organised to the formation of themes and categories within them (Wellington and Szczerbinski 2007).

Implementation of consistent and systematic coding was ensured through three steps which are explained in more detail below:

- Searches according to key words and key phrases;
- Reading the transcripts of the interviews - only selected cases - the ones that are 'rich' and illustrate as many outcomes as possible;
- Checking the cases that were not initially included in the code as a result of the first two steps.

A count of all words used in the transcripts of the data was implemented through NVivo. The count was performed with the aim to revise and consider words with close meaning, which might have been used as substitutes to each other during parallel translation³¹. Identification of those words helped to implement a more complete and systematic coding of the data according to the initial themes. For example, an activity could be "inherited" or "inborn", but it could also be "in the blood". This was aided by thorough reading of data-rich interviews and identifying key phrases that were used in a similar manner. Key phrases facilitated shortening the time for searches using key words that occurred hundreds of times in the text or could be related to more than one concept from the conceptual framework. As a last stage of coding, cases that did not provide data to a certain code were read through. This sometimes contributed with additional key phrases that were related to a certain code.

The second step involved working with the coded data and contained the following activities:

- Identifying and formulating the determinants and meanings of categories within the codes;
- Basing categories on the variability of recurring patterns among cases;
- Consideration of cases that did not comply with the categories;
- Search for patterns between the categories of related concepts.

Processing coded data has a hermeneutic character that allows it to be identified as an interpretive process (Lee and Fielding 2004). The analysis was based on a mixture of *a*

³¹ A disadvantage of parallel translation is that it may result in translating the same wording in relation to a specific situation in the original language in a different way into the working language. Thus parallel translation may result in changing the original wording. This may not be crucial for the quality of data as soon as translation preserves the meaning provided by respondents and the exact narratives are not a key to the understanding of meanings.

priori and *a posteriori* (but mainly *a posteriori*) developed categories for each code (Wellington and Szczerbinski 2007). The finally shaped categories can be considered as inductively built from the data. They were developed through searching for patterns, themes and regularities within the units of data, as well as looking for contrasts, paradoxes and irregularities (Wellington and Szczerbinski 2007). The grouping of cases belonging to similar categories allowed for inter-case analysis based on comparison and contrast (Gibbs 2007). A next level of analysis involved identification of connections between groups of data and between the data and the research context (Kitchin and Tate 2000; Wellington and Szczerbinski 2007).

Analysis was based on interpretation and understanding of the meanings and constructs of the studied people and explaining their behaviour through them. The interpretation of responses was strongly founded on searching for common meaning within responses. Authors argue that both common and unique things can happen (Law 2004), but unique opinions are harder to interpret without a suitable frame of reference. The researcher was a stranger to a large part of the context of the study participants. In addition, she was familiar with the practice of being a farmer and owner-manager only as an outside observer. As a result, the credibility of interpretations was sought through the size and characteristics of the sample, as well as through collecting more detail. Relatively large numbers of cases and different regions ensured that similar observations can be made on a diversity of people across different settings and this supported the credibility of the associated meanings.

Having taken the above issues into account, a number of actions that were aided largely by the utilisation of NVivo were undertaken to increase the validity of the data and the results drawn from them. They helped to implement a more robust and reliable analysis. However, it needs to be pointed out that these steps involved a great degree of subjectivity on behalf of the researcher:

- The use of a specialised computer package for qualitative analysis provided a structured way of managing the coding and categorisation of data because it allowed keeping a record of different steps of the analysis and facilitated consistency in data handling. This also adds to the reliability and transparency of the analysis.
- Employment of the search abilities of NVivo helped to reduce biases associated with omitting relevant parts within the text of the data. Furthermore, the

computer package enabled making the coded themes clearer and easier to follow during the early stages of data coding. However, exhaustive use of the data was ensured by the researcher through re-reading the transcripts.

- Easier retrieving of coded data was also enabled through NVivo (Gibbs 2007). It facilitated the comparison of coded data as a means of internal validation and enhanced the consistency and accuracy of the codes and related interpretations. A specific example from this research is provided by considering the two coded themes that were also conceptually connected: 'start-up motivations' and 'motivations for development of the enterprises'. For the majority of cases, they were consistent with each other (having accounted for changes that could be attributed to life stage). However, differences between the two for a minority of cases revealed the presence of change in motivation over time (discussed in more detail in Section 6.1.5).
- Some means for triangulation were provided through collecting geographically diverse data (Gibbs 2007). Analysis of coded and categorised data across regions brought forward similar individual views and constructs across different regions which contributed to the validation of the data.
- Further applications of triangulation, to the extent that it is understood as adopting different perspectives on the same issue (Berg 2001), were implemented. The technique of multiple coding was employed as a tool to help refine interpretations (Barbour 2001). Furthermore, the internal validation of the qualitative dataset is facilitated by the use of NVivo. Data were interpreted in relation to the particular theme and different interpretations were questioned by searching for alternative explanations (of the respective situations or behaviours) within the context of the individual interviewees. For example, two separate codes for 'motivation for start-up' and 'motivation for start-up in a specific sector' were created. Subsequently, the analysis was based on the first code where data were categorised according to specific reasons (discussed in more detail in Sections 6.1.1 – 6.1.4). However, a sectoral perspective of motivation did not provide satisfactory explanations of the start-up of individual enterprises.
- Data were examined for internal consistency by scrutinising whether the separate data inputs were in line with the rest that was known about the particular respondent (Neuman 2006). This involved common sense and searching for logic in the profile of the interviewee.

4.3 Summary

Chapter Four has provided an analysis of the methodological foundations for gaining an understanding on entrepreneurial behaviour through interpreting personal viewpoints and constructs provided by study participants. The methodology involved the following four main steps:

- First, an overview of Bulgarian rural regions was presented and the criteria for the selection of four specific settlements as study sites were discussed.
- Secondly, secondary data on the Bulgarian farming population were reviewed and the methods used to recruit a diverse sample of 83 farmers were explained.
- Thirdly, the selected method of data collection – semi-structured, face-to-face interviews was discussed together with the main themes from the interview schedule.
- Fourthly, some issues with the collected data were highlighted, followed by an explanation of the methods of analysis.

Research results and findings from the analysis of interview data are the subject of the next three chapters. Chapter Five includes a general overview of the sample as a whole and highlights key socio-demographic characteristics of the study participants and the dimensions of their enterprises. Chapter Six presents and discusses results in relation to the ‘person’ and ‘enterprise’ dimensions of the conceptual framework. Findings on the role of family, as they influence the behaviour of individuals and their businesses, are the subject of discussion in Chapter Seven.

CHAPTER FIVE

THE OWNER-MANAGERS AND THEIR BUSINESSES

This chapter aims to discuss the socio-demographics, business characteristics and occupational background of study participants. The intention is to present a detailed picture of the interviewees and their economic activities. This is the first of three chapters presenting the main findings from the research. It consists of four sections. The first section reveals some of the key demographic characteristics of the decision-makers, while the second section describes the businesses of the study participants. In the third section, some business-related characteristics of the owner-managers are discussed. The final section analyses the occupational history of the farmers and discusses the importance of relevant previous occupational experiences.

5.1 Demographic characteristics

This section describes the key demographic characteristics of the interviewees such as location of origin, age, ethnicity, gender and level of education. It reveals emergent patterns within the diverse sample, as well as personal characteristics in relation to individual attitudes and aspirations. The analysis helps to gain an in-depth understanding of the way farmers construct their views of enterprise start-up and development.

5.1.1 Location of origin with respect to study site

Investigation into the origin of the agricultural producers is presented in terms of whether or not they are native to the rural settlement that serves as a study site in the research. It provides some notable findings based on a comparison between native and non-native respondents. The majority of farmers were native to their study site and benefited from the advantage of owned resources. However, some of the non-native farmers were drawn to the rural area because they could undertake certain types of agricultural production and gain access to available resources to rent. Both native and

non-native farmers were influenced by what was considered traditional to the rural area in terms of types of agricultural production.

The majority of study participants lived and operated in their place of origin (Table 5.1). Almost all of the farmers who were native to their sites cultivated some owned (inherited or restituted) land. Fewer managed to buy buildings and / or machines from the dismantling collective farm at the beginning of post-socialist transition. This could have an impact on the decision to start farming. They were familiar with native knowledge and had perceptions of what was traditional to the study site³². This had implications for the alternative sources of living they were able to recognise.

Table 5.1: Origin of the study participants with respect to the research sites

Research site	Native	Not native	Total
The Remote Upland site	18	2	20
The Remote Lowland site	18	2	20
The Upland Fringe site	19	4	23
The Lowland Fringe site	18	2	20
Total	73	10	83

Native also meant that the occupational experiences of the respondents were, to some extent, related to the study sites. However, it was not an uncommon life trajectory among the middle aged and elderly study participants to grow up in a rural area, to spend their active adult life working and residing in an urban area, and to move back to their rural place of origin after either retirement or becoming unemployed. Such a lifestyle was common for people working in the military sector, as was the case of Veselina from the Upland Fringe site. She and her family changed residence in various locations across the country, but they moved back to her village of origin after the retirement of her husband. Two other study cases indicated similar paths.

Among the non-native interviewees, six cases ended up in the study sites as a result of either career and life stage developments or migration from remote rural areas. Four cases were drawn to the study sites by business opportunities. These farmers were relatively more resource rich than the native farmers, drawing on inherited / restituted assets. According to the data presented in Table 5.1, a few farmers were not native to each site; however, a more detailed analysis of these cases showed some specific differences between them. The two cases from the Remote Upland site and one case

³² In terms of agriculture, the activities that were 'traditional' were also part of the portfolio of the local cooperative farm during socialism.

from the Remote Lowland site were drawn to the areas by the opportunity to rent agricultural land and had no relationship with the study sites other than that. All of them were renting land for practising the same or related activities in other rural areas as well. The second case from the Remote Lowland site represented a farmer who used to be a migrant seasonal worker in agriculture in this area and neighbouring rural areas. After the start of post-socialist change, he took the opportunity to move there permanently and to rent (and later to buy) agricultural assets. There were more (4 cases) non-native study participants in the Upland Fringe site. They were all of Turkish origin and settled at the site a long time ago after they or their parents migrated there from more remote mountainous rural areas. They are probably part of a specific migration trend from the past. All of these farmers cultivated either rented land or land that was bought after the start of the post-socialist agricultural reforms. In one of the two non-native cases from the Lowland Fringe site, the respondent was drawn to the nearby urban centre by employment opportunities at the beginning of his working career and later on bought residential property in the study site. In the second study case, the wife of the farmer was native to the study site. The non-native owner-managers did not necessarily change their place of residence, although their business was located in the study site.

5.1.2 Age

The extensive age range of the sample meant that the respondents held a diversity of types of experiences prior to undertaking self-employment. They also had different lengths of experience as owner-managers. Age is related to different life stages³³, which in turn are related to different family statuses and career aspirations. It is also associated with different world views and willingness to adjust to change.

Data on the specific age of each study participant were grouped into four distinctive age groups to facilitate the presentation and discussion of results (Table 5.2). These four

³³ The term 'life stage' was preferred over the term 'life-cycle'. 'Life stage' aims at encompassing both biological and social aspects of the life of an individual. 'Life-cycle' implies stages of life that are mostly related to age. However, the age of the respondent in relation to the business is more meaningful within a social context. Several examples demonstrated that pointing out respondents' life stages only on the basis of age may lead to inconsistent inferences. For example, the sample contained cases in their late thirties who were single and intended to have a family as well as cases of the same age that had children of school age. There were also cases in their early sixties who still supported children going through their university education as well as respondents of the same age whose children had separate household and livelihoods from that of the study participant. Although at the same stages of their life-cycles, these cases operated within very different social contexts.

groups aim to cover the working age life span of an individual by dividing it into fifteen-year periods (from 21 to 81 years old).

Table 5.2: Distribution of study participants by age group and study site

Research site	Age groups				Total
	≤ 35 years old	36-50 years old	51-65 years old	≥ 66 years old	
The Remote Upland site	5	9	5	1	20
The Remote Lowland site	8	7	5	0	20
The Upland Fringe site	0	7	10	6	23
The Lowland Fringe site	1	3	8	8	20
Total	14	26	28	15	83

Table 5.2 demonstrates that there were more younger study participants in the two remote sites and more older study participants in the two urban fringe sites. A possible explanation of this situation is that a larger number of younger people undertook agriculture in areas that were remote from urban centres due to the restricted opportunities for alternative sources of income. On the other hand, in the urban fringe sites there were more opportunities for younger people to make their living through non-farming economic activities; this could also be related to a lack of interest in undertaking agriculture. As a result, the inherited and restituted tangible resources for agricultural production were still under the control of their elderly owners rather than being passed on to the younger generations. The above results are supported by the outcomes of a cross tabulation between the origin and age of interviewees. This demonstrated that the farmers who were non-native, but who operated in the study site because of business interests, were mostly from the first two age groups and found primarily in the two remote sites. Those who migrated in for non-business reasons were from the two older age groups and were usually from the urban fringe sites.

The eldest age group was comprised almost exclusively of *pluriactive retirees* who, in addition to receiving state pensions, were still economically active through farming. The relatively high number of respondents up to 50 years old suggests that these may have long-term career interests with regard to their current occupations. On the other hand, the large number of farmers in the two medium age groups suggests that most of them had employee experience prior to becoming owner-managers because of the post-socialist country context.

Farmers' age appeared to be relevant with respect to social interactions between rural stakeholders. Therefore, it may have implications for the way farmers work with other

parties related to their activity. It further suggests that age, in combination with socio-economic environmental factors, can help to explain the different world views of study participants. The following example presents the point of view of a vet about his work with different farmers in his rural area:

Look now, the young people at least see the life... the elder people are used to the previous way of life. They cannot let it go. The youth, the young people that have oriented to be agricultural producers, because they are few, they are very few... but their way of thinking is different... their point of view is different. And with them we are approximately at the same pace, not that we are at the same age, but we see things in similar way. Whereas the others, they cannot let go. (...) They are just entrenched and there is no way to change that. This is what they are used to. That is why by and large I like to work with young people. And I feel better, and everything is going on easier than with the elderly (Yasen, 28 years old, vet and sheep farmer, the Remote Lowland site).

Yasen has formed his opinion as a result of the opportunity to interact with a number of agricultural producers through his position as a vet. His specific experience led to the formation of a general conclusion that he applied to farmers from different age groups, even outside his working context. The strong perceptions had broader implications for the decisions and actions of this study participant. Yasen further explained that, for the same reasons, he would like to cooperate only with the 'young' farmers when it comes to the future of his sheep farming activity.

5.1.3 Ethnicity

Ethnic issues were relevant at a community level and ethnicity had implications for access to resources specifically in the agricultural sector. Results provided some examples where differences between cases could be related to ethnic differences and other examples where the presence of ethnic differences could not be related to notable differences in the behaviour of respondents. The latter suggests that the presence of stronger business interests can override ethnic issues.

All research sites were characterised by an ethnically diverse population. Roma³⁴ were present among the residents of each of the four sites. In addition, there were Vlach³⁵ in the Remote Lowland site and Turks in the Upland Fringe site. However, in this research,

³⁴ Roma are people colloquially known as Gypsies in English.

³⁵ Vlach is a term used to denote a person from Romanian origin.

ethnicities other than Bulgarian were represented by one Roma farmer from the Remote Lowland site and six Turkish respondents from the Upland Fringe site.

It has already been stressed that agricultural reform contributed to ethnic differentiation of the Bulgarian population through land restitution (Kaneff 1998). Land before collectivisation was mostly owned by Bulgarians and the land reform of the 1990s returned this resource mostly to that part of the population. The results from this research extend further the relationship between ethnic origin and access to agricultural land. In the Upland Fringe site, Bulgarians tended to rent land from other Bulgarians, and farmers from the Turkish minority tended to rent land from other ethnic Turks. Study participants pointed out that it was easier to trust someone from the same ethnicity. On the other hand, the research also provided evidence that the large-scale farmer Vasil of Roma origin rented land from many Bulgarian land owners (The Remote Lowland site), although he preferred to hire employees of Roma origin. The case of Veselina from the Upland Fringe site was an example of a farmer of Bulgarian origin who cultivated land rented both from the local church and the local mosque. In this case, ethnic and related religious factors appeared to be out-weighted by the convenience of access to larger quantities of land which were not easily available in the Upland Fringe site.

One of the informants at the local level, the mayor of the Remote Lowland site, provided an extensive commentary on the differences in entrepreneurial behaviour among the different ethnicities in his settlement. He reported that Bulgarians tended to develop economic activity at a larger scale in comparison to other ethnicities. They were the majority of the business owners in the study site, with just a few cases of Roma and Vlach origin. Representatives from all ethnicities were taking advantage of existing business opportunities. However, when these opportunities were in the sphere of the 'grey' economy, the Roma reacted quicker than the Bulgarians, according to the mayor. Both Bulgarians and Roma indicated an increase in the number of young cattle farmers. This development could be related to the fact that there was a locally-based milk processor in the Remote Lowland site. There were 5-6 young Bulgarians and 5-6 young Roma that had recently started cattle farming. Apart from agriculture, Bulgarians tended to open shops, coffee shops or pubs more often on the territory of the settlement. However, in the Roma neighbourhood such outlets were owned and run by Roma.

The mayor of the Upland Fringe site stressed the successful co-existence of Bulgarians and Turks for many years and did not contrast them in terms of their business undertakings. However, in the Remote Upland and the Lowland Fringe sites the existing Roma minorities were ignored by the local informants in their accounts about local farm and non-farm businesses.

5.1.4 Gender

The implications of study participant's gender for gaining an understanding of the businesses were strongly embedded in the family context. Gender issues were related to complex dynamics between the family and the business. There was an extensive diversity of interactions of genders with respect to the business. In just seven cases, the study participant was a woman (Table 5.3). However, female respondents were represented across all study sites; in all cases, other family members were also involved in decision-making and operations. In several cases, the male respondent pointed out that decisions were taken jointly with his wife.

Table 5.3: Study participants' gender across study sites

Research site	Female	Male	Total
The Remote Upland site	2	18	20
The Remote Lowland site	1	19	20
The Upland Fringe site	1	22	23
The Lowland Fringe site	3	17	20
Total	7	76	83

This research encountered predominantly small and micro enterprises that occupied primarily the decision-maker and possibly members of the family/household. In such cases, it can be expected that family gender roles may also be projected onto the enterprise. According to the collected data, in a majority of cases there was an assumed leading role by the male individual in the couple. This may be rooted in persisting patriarchal traditions already highlighted in previous studies (Fodor 2002; Momsen *et al.* 2005). The assumption of a leading role for the male 'head of household' was applied by the local community as well as by other members of the family farm household. However, a detailed analysis revealed an extensive diversity of gender interactions with respect to the business.

The seven female study participants offered four different situations in relation to household circumstances and decision-making:

- In three cases, the study participant was part of a married couple where the husband and wife were partners with respect to the enterprise and decisions were taken together with regard to the business e.g.

We decide and then we do what we have decided (Desislava, the Remote Upland site).

- In one case, the female interviewee was a decision-maker for the whole household. This was Veselina from the Upland Fringe site, where the recently started sheep farming was the main activity of her son. However, it was her initiative that made it all happen. Throughout the interview she used “we” rather than “I” when referring to taking decisions and implementing actions, which may reflect her desire to represent the achievements as attributed to the whole family.
- In one case, the female farmer (Paraskeva, the Lowland Fringe site) was a widow and she used to be in a situation where her husband was the main decision-maker. She was in the process of passing on the beekeeping to her daughter and son-in-law, thus effectively passing on the responsibility of decision-making to the younger generation.
- In two cases, a specific part of the farming activity was the main occupation of the female respondent. In both of these cases, the husband was the main decision-maker for agriculture in general. However, both Aneta from the Remote Upland site and Marta from the Remote Lowland site were planning to exit from their dairy cattle production. And in both cases their husbands intended to continue with the land-based activities.

In relation to this last example, those male study participants reporting a portfolio of activities sometimes included the main occupations of their wives. Such an example was Tsvetan from the Upland Fringe site whose three different income generating activities involved employment in the urban centre, agriculture and running an owned grocery shop. He pointed out that the grocery shop was primarily the occupation of his wife, and has been created after she experienced redundancy from employment.

5.1.5 Education

The last demographic characteristic examined is the education of the respondent. In addition to educational levels across the sample and by study site, this sub-section investigates the relationship between education and origin of knowledge about the business. A key finding with respect to education was that it was not directly related to the present businesses unless purposively acquired to be applicable to a specific undertaking. However, the higher education of the respondent or involved family members was a stimulating factor for the business as it affected the acquisition of necessary knowledge.

All study participants had at least eight years of formal education (Table 5.4). The largest group held a secondary level of education, with 11 or 12 years of school education, usually including a vocational qualification. The vocational secondary education provided a qualification for working in a particular sector of the economy, which could be agriculture among others. Only five people had some kind of university degree – two in agronomy, one in veterinary medicine, one in the military sector, and one in human medicine. Three study participants withdrew from university education – one in sports, one in agriculture, and one in business.

Table 5.4: Study participants' level of education across the study sites

	Level of education				Total
	University completed	University withdraw	Secondary (11-12 years)	Basic (8 years)	
The Remote Upland site	1	0	19	0	20
The Remote Lowland site	1	2	15	2	20
The Upland Fringe site	1	1	18	3	23
The Lowland Fringe site	2	0	14	4	20
Total	5	3	66	9	83

All levels of education were relatively equally distributed across the four research sites (Table 5.4). An exception was the group of people holding basic education who were found mostly in the two villages in the urban fringe. As already mentioned, the two urban fringe sub-samples also consisted of relatively older farmers when compared to the sub-samples of the two remote sites. This helps to explain the observed distribution of education levels across the regional sub-samples as further cross-tabulating of the data showed that most study participants with only a basic level of education were also at least 60 years old. Most university degrees were also held by older farmers (4 out of 5

cases), whereas university withdrawals characterised young farmers of up to 40 years old. Female respondents and those from ethnic minorities had only a basic or secondary level of education. However, in this respect they were not different from the majority of study participants.

Farming and non-farming businesses were not directly related to the education of the owner-manager. However, in a few cases they were related to formally acquired training that can be considered as a form of education. The analysis of these cases suggested that: first, undertaking unfamiliar or more knowledge-intensive activities was accompanied by purposive learning and was observed among respondents with higher education experience; and second, this behaviour was often related to the family context as it was implemented by another highly involved family member rather than the interviewee.

In the first example, the husband of Desislava from the Remote Upland site, who also had withdrawn from university, undertook a kind of apprenticeship after they both decided to focus on cattle and sheep farming as the main source of living for their family. He worked as an unpaid helper on the farm of close relatives in the same village and in this way became familiar with the technicalities of cattle and sheep farming. After that he passed his knowledge onto her. Secondly, Trifon from the Lowland Fringe site, who also held a medical university degree, decided to embark on the commercial production of vine planting material after he retired from his work in the health care system. For that purpose, he attended an educational course to acquire a qualification, although he already had experiential knowledge because that type of production used to be the craft of his father and grandfather. Thirdly, Boris, from the Upland Fringe site, was able to offer fruit trees to the market because his wife passed the necessary educational courses and acquired the qualification. Both the production of vines and fruit trees was more knowledge-intensive than grape and fruit farming.

5.2 The current businesses

This section provides an extensive overview of the businesses of the farmers. It reviews both the agricultural and non-agricultural enterprises and activities for the sample as a whole. Its role is primarily descriptive; however, several key findings emerge from it. The most important among them is that the encountered small businesses were highly diverse, both in terms of structure and the importance they had in the lives of their

owner-managers. Most respondents obtained income from more than one agricultural output. Incomes from farming were more often accompanied by employee or retirement income than by another business. When farming was part of a portfolio of business activities, usually at least one other family member was highly involved in the business.

The distribution of agricultural types across the research sites was related to traditionally rooted patterns of agriculture and can be partially explained through the availability and quality of land resources. The two upland sites were more disadvantaged in terms of land resources; the livestock farmers there cultivated less land and bought more fodder produced by other farmers. Respondents who were determined to develop their farms managed to access land resources even in areas where these were less accessible.

The relatively larger scale agricultural enterprises in the sample signified a stronger orientation towards self-employment of the owner-managers. However, some of the relatively small and medium scale ones were in the process of developing and further analysis in the next chapter will provide an understanding of their behaviour. The majority of non-farming businesses were of a small scale and contributed to the diverse structure of businesses. They played a similar role to small-scale farming. In contrast, the larger scale non-farm businesses were related to a stronger orientation towards self-employment of the owner-managers similar to the large-scale farms.

Study participants had very diverse enterprises that could not be reflected adequately in a single typology. A starting point for the description of enterprises would be to differentiate them as farming and non-farming. Starting with the agricultural enterprises, the first sub-section discusses their distribution over three main agricultural sectors. The second sub-section focuses in more detail on the different types of livestock production observed in the sample. Types of land-based activities are the subject of the third sub-section. The fourth sub-section reviews the non-farming businesses of the farmers.

5.2.1 Agricultural enterprises by sector

This sub-section provides a more general overview of agricultural enterprises at sectoral and regional levels. The type of agricultural sector was defined according to the relative

weight that respondents placed on the different activities they practised. At a broad level, the farms can be attributed to three main sectors:

- Livestock – the main marketed outputs originated from livestock production³⁶;
- Arable – the main marketed outputs originated from field crops such as cereals and oilseeds (sunflower, rapeseed);
- Horticulture – the main marketed outputs were different vegetables and / or fruit (including grapes).

Table 5.5: Distribution of cases according to agricultural sector and study site

Research site	Agricultural sector			Total
	Livestock	Arable	Horticulture	
The Remote Upland site	16	2	2	20
The Remote Lowland site	11	9	0	20
The Upland Fringe site	6	0	17	23
The Lowland Fringe site	18	1	1	20
Total	51	12	20	83

Table 5.5 illustrates the distribution of agricultural sectors across the four study sites. More than half of the sample were primarily engaged in livestock farming and these were well-distributed across all study sites, but with a relatively small number of livestock producers in the Upland Fringe site. Apart from the perception that the Upland Fringe site was a “*cherry village*” and livestock was not among the main types of agricultural production practised there, there were also reports from local informants and study participants that livestock producers had gradually been decreasing in numbers during the last few years. The few encountered livestock farmers from this site were mostly from the Turkish minority. However, an exception was the case of Veselina, who drew on experientially acquired business knowledge and the education of her son about sheep farming.

The majority of livestock farmers in the Remote Lowland site reared dairy cattle (9 out of 11 cases). This can be attributed mainly to the presence of a local milk processor and the established practice of dairy cattle farming since socialist times. Livestock farmers dominated the sub-samples of the Remote Upland and the Lowland Fringe sites. However, the majority of livestock farmers in the Remote Upland site were under 50 years old, whereas the majority in the Lowland Fringe site were over 50 years of age. In

³⁶ Beekeeping was classified as one of the livestock sub-sectors according to the legislation in force and the healthcare of the bee colonies was within the competencies of the veterinary specialists.

both sites, they represented a diversity of livestock sub-sectors which are discussed in more detail in the next sub-section. Overall, the majority of the youngest farmers (age group up to 35 years old) operated in the livestock sector. All seven female respondents also operated in the livestock sector. Although most of them owned agricultural land, the land-based activities were practised by male family members.

The largest number of cases of arable farming came from the Remote Lowland site which also had most agricultural land. The two youngest arable farmers were from this study site and were of a relatively large scale. The majority of arable farmers were from the two middle age groups. Furthermore, most had limited previous experience in agriculture, both in terms of employment and quasi-private farming. Only two respondents had any specific previous experience with arable farming. These were Kalin from the Remote Upland site and Stoil from the Remote Lowland site, and they were more interested in providing services with machines and maintained relatively small areas with crops (See Section 5.4).

The horticultural sector was mostly represented in the Upland Fringe site. These were producers of vegetables, grapes, cherries and other fruit, or combinations of them. They were mostly from the two older age groups and horticulture was not practised among the youngest farmers. The only two horticultural producers in the Remote Upland site were vegetable growers who were not native and attracted to the site by the opportunity to rent land under greenhouses. The single horticultural case in the Lowland Fringe site was a small-scale grape producer whose main activity was vine production. There were no cases of commercially oriented horticulture in the Remote Lowland site and this type of production was not considered "*traditional*" there. Nevertheless, one of the study participants – Emil – was a former vegetable grower.

5.2.2 Types of livestock production

This sub-section proceeds with a more detailed overview of the different types of livestock production (Table 5.6). The totals exceed the total number of livestock farms because some respondents reared more than one type of livestock.

Table 5.6: Livestock sub-sectors across study sites

Agricultural sub-sector	Study site				Total
	The Remote Upland site	The Remote Lowland site	The Upland Fringe site	The Lowland Fringe site	
Cattle	8	10	8	11	37
Sheep	7	3	3	8	21
Pigs	3	2	2	3	10
Poultry	0	0	0	1	1
Bees	4	0	0	4	8
Total	22	15	13	27	77

The most common type of livestock production in the sample was dairy cattle. A total of 37 cases reported to market outputs from this type of farming. In seven of these cases, dairy cattle was the only source of income for the decision-maker. For the rest, it was practised in combination with other types of agricultural production and/or other type of income such as a pension or employment.

The importance of dairy cattle can be explained by the regularity of revenues it provided to the study participants. In comparison to other types of agricultural production, it provided output and revenues all year round. The milk was regularly paid for on a weekly or monthly basis, even though the price of milk in the winter was double that in the summer. Some of the study participants, whose incomes were coming entirely from agriculture, pointed out that during the period November – February the only income they could get was from dairy cattle.

Cattle farming was the choice of business among many participants who had no previous employment experience in the agricultural sector. This included young farmers with limited occupational experience and middle age farmers with employment experience out of agriculture. However, some of these farmers had experience in the sub-sector through quasi-private farming during socialism. Others drew on family knowledge. The majority of cattle farmers (24 out of 37 cases) came from the two middle age groups: 36-65 years old. More than half of the farmers with managerial experience practised this type of farming. Furthermore, over half of the farmers with higher education also practised this type of farming. Both reared moderate numbers of cows – between five and fifteen animals. However, some of them reared sheep as well. The three largest scale dairy cattle farmers, who had respectively 30, 40 and 50 animals, were in their 40s and had no previous occupational experience in cattle farming. However, the parents of all three used to work on the socialist-type cooperative farm and helped during the early development of the farms (Further discussed in Section 5.4).

A total of 21 cases across the four study sites earned incomes from sheep. They were concentrated in the Remote Upland and Lowland Fringe sites where sheep farming was considered traditional. Examples of this sub-sector came from across all age groups, although the youngest farmers were most represented. They were equal in number to the young respondents in cattle farming. However, the two groups operated in different regions and the young sheep farmers represented a larger group within the total number of respondents rearing sheep. Furthermore, younger sheep farmers came from regions where it was both traditional and non-traditional. Those situated in sites where sheep farming was not traditional operated on a larger scale than the younger farmers in the sites where sheep farming was traditional.

Sheep farming was subject to traditionally rooted patterns of production practice where lambs were offered for sale in the period late March – early May or in August³⁷ and sheep milk was sold during the summer months. This was related to higher seasonality of income flow. Sheep production was never practised on its own and was always combined with other sources of income. In eleven cases, sheep farming was practised in combination with dairy cattle farming. Nevertheless, it drew on long-established practices that dated back to before socialist times:

Because our generations are like this – my grandfather, my father. It hasn't been less than 100-150 sheep since before the creation of the TKZS³⁸ (Krum, 70 years old, the Lowland Fringe site).

The pig sub-sector was represented by 10 cases. They were distributed across all study sites. However, pig production was not traditional for any of the four study sites as there were other rural areas where it was more widely practised. Pig farming was practised by young or middle-aged farmers; there were no elderly farmers in this group. In three of the ten cases, pig farming was the leading source of income for the respondent. These were mostly young farmers. Half of the cases reared pigs in combination with dairy cattle. The rest did it in combination with sheep. Some of the largest scale sheep and/or cattle farmers also reared pigs.

³⁷ In both cases closely associated with Christian Eastern Orthodox religious occasions. The first period is related to Easter. The second is related to the feast of the Dormition of the Virgin Mary.

³⁸ TKZS is an abbreviation for Labour-Cooperative Agricultural Enterprise in Bulgarian. TKZS was widely used to denote the cooperative farm formed within each rural settlement during socialism as a result of the collectivisation processes that had taken place during the 1950s. The 'name' was used by study participants to refer to this structure during data collection.

Only one interviewee was involved with poultry production. This was Radka from the Lowland Fringe site who, together with her husband, was a sub-contractor producing fattened ducks for a company. Another explanation for the lower occurrence of pig and poultry farming in the study sample is that these two types of production are more commonly practised in industrial-type organised units rather than on farms run by an individual and her/his family.

Similar to sheep farmers, beekeepers were concentrated in the two regions where this sub-sector was considered traditional. Beekeepers had diverse demographic characteristics, some of which can be attributed to the hobby character of the activity. Beekeeping was not practised in combination with other types of farming. However, Rado from the Remote Upland site was an exception as he started beekeeping in parallel with dairy cattle because he was planning to remain only in beekeeping at a later stage. The rest of the respondents combined beekeeping with non-farming sources of income.

5.2.3 Types of arable production

The four study sites were characterised by different amounts of agricultural land (Appendix 1). This was evident through the higher number of interviewees cultivating larger quantities of land in the Remote Lowland and the Lowland Fringe sites. Both these sub-samples did not contain an example where the cultivated area was less than 3 ha. There were six farmers cultivating more than 50 ha in the Remote Lowland site and two farmers in the Lowland Fringe site. The latter two practised arable farming in partnership. In contrast, the largest amount of land cultivated by farmers in the two upland sub-samples was 15 ha.

More than half of the respondents produced arable crops. However, the majority did this in addition to livestock farming and most of their land-based activities were aimed at fodder production. Table 5.7 demonstrates the different types of arable production that occurred across the sample. It provides evidence of different patterns of arable activities across the study sites. There were notable differences between the Remote Lowland site, where the arable farmers were mostly concentrated, and the other rural areas.

Table 5.7: Types of arable production across study sites

Agricultural sub-sector	Study site				Total
	The Remote Upland site	The Remote Lowland site	The Upland Fringe site	The Lowland Fringe site	
Cereals	11	19	4	9	43
Maize	2	18	2	0	22
Sunflower	0	13	0	1	14
Alfalfa	10	5	4	12	31
Total	23	55	10	22	110

There was no particular crop specialisation. The most common arable crops were wheat and barley. Arable farmers usually grew maize and/or sunflowers in addition to cereals for sale. In the Remote Lowland site, both livestock and arable farmers cultivated similar crops. However, there was a difference in scale with arable farmers typically cultivating larger areas. Sunflowers were generally sold as a cash crop rather than being used as fodder and were limited to the lowland sites. The single person growing sunflowers in the Lowland Fringe site was the only arable farmer from this site. Maize was a widespread fodder crop. However, the conditions for growing it were better in the lowland sites than in the upland sites.

The three smallest arable farms belonged to retirees who were working only with their own inherited land. One was 3 ha and two were 4 ha each, and they were situated in the Upland Fringe and Remote Lowland sites. At this scale, they could not make a living but reported earning money from the activity. They did not have aspirations for cultivating more land and expressed a feeling of duty to look after the land inherited from their ancestors. Two other cases were employees who were farming part-time about 10 ha each. The rest of the arable farmers were fully engaged with farming and were cultivating at least 80 ha.

Many livestock farmers cultivated insufficient quantities of land to cover their fodder needs and so had to buy additional quantities of fodder. However, there were some livestock farmers who produced excess fodder which they sold to other livestock farmers. The majority of livestock farmers who had limited quantities of land grew alfalfa as a fodder crop. This is evident in Table 5.7 by the relatively high numbers of cases growing alfalfa in the Remote Upland and the Lowland Fringe site. All participants producing field crops in the Upland Fringe site were livestock farmers. Nine interviewees did not produce any arable crops and these were livestock farmers. Seven of these were the beekeepers from the Remote Upland and Upland Fringe sites. The remaining two were the cattle farmers Spas and Rado from the Remote Upland site.

They bought all necessary fodder and used municipal pastures for walking their livestock to grazing. The Remote Upland site was disadvantaged in terms of agricultural land quality and availability. The farmers from this site typically restituted or inherited small quantities of land and very few of them owned tractors. In addition, the land was not very fertile. Most of them chose to either rent out their land to one of the two local agricultural cooperatives or to leave it uncultivated. In comparison to the other study sites, a yield of 3 tonnes of wheat per hectare was considered 'good' in the Remote Upland site; for the two lowland sites, the same criterion was 5 tonnes per hectare. This pattern is not so evident for the Upland Fringe site due to the domination of horticulture in this area. However, the largest-scale arable producers in the two upland sites were agricultural cooperatives. This may be because the cooperative structures had an organisational advantage in accessing the limited land resources in these sites.

5.2.4 Types of horticultural production

The horticultural sector encompassed three main sub-sectors – vegetables, grapes and fruit. Horticultural production was characterised by seasonality and was rarely practised on its own but in combination with other sources of income. It was also practised at a relatively small scale within the present sample. Two thirds of the horticultural farmers also had a job or were pensioners; they had relatively smaller scale operations than the remaining third who practised at a larger scale and/or in a combination with a non-farming business. Table 5.8 presents the distribution of certain types of horticultural production across the sample.

Table 5.8: Types of horticultural production across study sites

Agricultural sub-sector	Study site				Total
	The Remote Upland site	The Remote Lowland site	The Upland Fringe site	The Lowland Fringe site	
Vegetables	3	0	7	0	10
Grapes	7	0	13	9	29
Fruit	0	0	14	2	16
Total	10	0	34	11	55

Three out of the four study sites (the Remote Upland, the Upland Fringe and the Lowland Fringe sites) were situated in grape producing regions and 29 farmers had grapes in their portfolio of income sources. Grape production was practised on predominantly restituted vineyards. As a result, it comprised relatively small areas per farm. Grape production played the role of an additional income source as it required

relatively small amounts of labour time and could be combined with other activities. In the Remote Lowland site, grapes were practised as home production but the community did not benefit from restituted vineyards as a result of agricultural reform. Investment in new vineyards was considered "*expensive*". In only one case, that of Petko from the Upland Fringe site, was there planting of new vineyards. As a result of the role of restitution and inheritance in grape production, no young farmers were involved; indeed all of those growing grapes were at least 40 years old. In addition, all were native to their study sites. The operations varied from 0.2 ha, in the case of Blago from the Lowland Fringe site, to 4 ha, in the case of Petko from the Upland Fringe site. The most common scale was between 0.5 ha and 1 ha.

Fruit production was typical for the Upland Fringe (14 cases) and the Lowland Fringe (2 cases) sites. All 14 upland fringe cases were cherry growers and only six of these grew other fruit (apricots or plums, for example) in addition to cherries. Some of the cherry growers had started production from restituted areas with cherries, but the majority were following a trend specific to this study site which involved investment in new cherry orchards as a source of living. This pattern of small scale fruit farming was not observed in the Lowland Fringe site. Other features of these study sites that could help explain fruit production were the higher availability of and easier accessibility to market channels in the Upland Fringe site. These were developed mainly around cherry production but could be used for other fruit as well. Most important among these were the buying spots based in the village, because they saved time and transportation costs for the cherry producers. The Lowland Fringe site did not benefit from such facilities. Although the Lowland Fringe site was situated in a region with a tradition in fruit farming and famous for peaches in particular, only two farmers were growing fruit as part of their agricultural production portfolio. In both cases, the full-time farmers created new plantations as part of the development of their agricultural enterprises with the aim of diversifying their production structure. Both farmers were relatively young. In contrast, the majority of fruit growers in the Upland Fringe site were elderly.

Similar to the grape producers, all fruit growers were native to their study sites. This may be related to the fact that perennials were usually grown on owned land accessed through restitution or inheritance. Fruit production was also characterised by seasonality in terms of revenue. However, most of the farmers from the Upland Fringe site practised both fruit and grape production (9 out of 14 cases); they also had non-farming

income sources such as a pension or employment. Only three fruit growers combined it with livestock farming; these were relatively young and in their 30s or early 40s. The size of the orchards varied from 0.2 ha in the case of Stanimir from the Upland Fringe site to 4 ha in the case of Petko from the Upland Fringe site.

Some vegetable producers were observed in the Remote Upland and the Upland Fringe sites. Vegetables were also traditionally grown in the Lowland Fringe site, but there were no such examples in the sub-sample. Only ten respondents reported to produce vegetables which is a relatively small number of cases in comparison to other sub-sectors. Vegetable production was mostly practised on open fields where possibilities for irrigation existed and production was subject to seasonality. In all cases, more than one type of vegetable was produced and vegetables were rarely the only type of agricultural production practised. An exception was the case of Viktor from the Remote Upland site whose only economic activity was full-time vegetable growing. Part of his vegetable production was in greenhouses and this allowed him to extend the period of the year during which he could offer vegetables to the market. This respondent had also the largest scale enterprise among vegetable producers in particular and the horticultural sector in general. He cultivated 55 ha situated in both the study site and another village in the area. In the Upland Fringe site, vegetable production was combined with fruit and grapes and in the Remote Upland site with livestock.

5.2.5 Non-agricultural enterprises

The non-agricultural activities of the farmers were considered in two forms: related and unrelated to agriculture (different sector of the economy). There was an array of non-farming income generating activities, implemented under self-employment status (Table 5.9).

Table 5.9: Distribution of non-farming businesses

Study site	Related to agriculture	Unrelated to agriculture
The Remote Upland site	Services with machines – 2 cases Grain cleaning – 1 case	Carpentry – 1 case
The Remote Lowland site	Services with machines – 5 cases Trade with agri inputs & outputs – 1 case Milk processing – 1 case	Grocery shop – 1 case
The Upland Fringe site	Services with machines – 1 case Wholesale buying of fruit – 1 case Retailing at open market – 1 case Wine production – 1 case Production of fruit trees – 1 case	Grocery shop – 2 cases Restaurant – 1 case Blacksmith – 1 case
The Lowland Fringe site	Services with machines – 2 cases Milk collection – 3 cases Production of queen bees – 1 case Production of vines – 1 case	-
Total	22	6

Note: The total number of cases providing the examples in the table is 25 rather than 28 because three cases exhibited more than one activity: in the Remote Lowland site – Marta, shop and services; in the Upland Fringe site – Petko, restaurant and wine making; in the Lowland Fringe site – Jivko, milk collection and services.

However, all of these activities were of a relatively small scale and only in a few cases were they comparable to full-time occupations where the respondents could make living from them alone. The data do not extend to the activities of all household members, unless these were directly related to the production or realisation of any goods or services by the study participant. For example, retailing at the open market was the main occupation of Gancho's wife from the Upland Fringe site. Nevertheless, it is mentioned here because it was the main way he sold his agricultural produce; it was also the only case of a farmer who retailed at an open market.

The farmers practised activities that were mainly directed towards agriculture; examples could be found across all study sites. The majority of the businesses related to agriculture were seen as part-time supplementary activities. Only the production of vines, fruit trees and milk processing could provide a full-time occupation. Furthermore, these activities were integrated with farming and often were not discerned as a separate enterprise. The most distinctive exception was the milk processing of Nesho from the Remote Lowland site which was formally organised into a company. His was the most explicit example of vertical integration as a type of diversification as he had milk processing and dairy cattle farming.

Relatively small number of interviewees had businesses unrelated to farming (6 cases). These were typical small businesses based on crafts or services and represented full-time occupations. However, in a similar manner to the agriculturally-related businesses,

these businesses could be integrated with core agricultural production. Three of the cases provided such examples. The carpentry business in the Remote Upland site was related to beekeeping as it provided the production of beehives and frames as inputs for the beekeeping. Moreover, the restaurant and the vegetable shop from the Upland Fringe site utilised inputs from their own agricultural production.

Almost all farmers that had non-agricultural businesses were native to their study sites. The only exception was the arable farmer Nedyalko from the Remote Lowland site who started trading in agricultural inputs and outputs after farming had initially drawn him to the area. However, a few non-farming businesses were run by non-native people but these were not captured by the research. The agriculturally-related activities were practised by respondents from all age groups whereas the unrelated ones were practised by farmers from the two middle age groups only (36 to 65 years old). Ethnic minorities were not represented, except for Orhan from the Fringe Upland site who offered services with machines in addition to horticulture. However, three out of the seven female respondents provided examples of non-farming businesses. A more detailed investigation suggested that they had a strong involvement in trade-related businesses. All three examples of grocery shops in the sample were the primary occupation of the women in the household, although in only two of the cases the woman was the respondent. Other examples were milk collection and retailing at the open market.

Almost half of the respondents with businesses related to farming had previous employment experience in agriculture and for some this was related to acquiring skills that were used in this business. All six cases that practised economic activities unrelated to agriculture also had non-agricultural previous employment experience. However, some of the non-farming businesses related to trade – the retail shops, milk collection and trade with inputs or outputs – were not based on previous occupational experience. The education and managerial experience characteristics of respondents did not seem to relate to the non-farming businesses. Only one person with previous managerial experience had a non-agricultural business (Further discussed in Section 5.4). Nevertheless, an interesting pattern emerged when comparing farming and non-farming businesses. On the one hand, respondents who run relatively large scale non-farming businesses also had relatively large scale farming businesses³⁹. On the other hand, the

³⁹ Examples: Petko from the Upland Fringe site with the grape and fruit production and the restaurant; Veselina from the Upland Fringe site with the shop and the sheep farm; Roumen from the Lowland

non-farming businesses that provided part-time occupations were combined with relatively small or medium scale farming.

The results in Table 5.9 are in line with the economic profiles of the study sites provided in Appendix 1. The Upland Fringe site had the most diverse local economy out of the four and this is reflected in the current sub-sample. It contained the highest incidence and variability of non-farming activities in the sample. It also had the largest population and this may help the local businesses to withstand the competition from urban centres. For the Lowland Fringe site, non-agricultural production businesses and services were located mainly in the nearby urban centre, so it had the least diverse local economy. The two remote sites were also characterised by diverse economies. The Remote Lowland site had more businesses (in number and variability) than the Remote Upland site; it also had twice the population. However, these businesses were represented only to a limited degree within the current sub-samples. This may reflect the focus on the individual farmer as an owner-manager employed in the research.

5.3 The owner-managers

This section analyses two key owner-managers' characteristics that are relevant to their businesses. The status of the respondent with respect to employment is of relatively high importance for the entrepreneurial behaviour of the studied population. It receives specific attention in the first sub-section. The registration of the farmers as agricultural producers is a specific characteristic of the owner-managers in the agricultural sector that has implications as to how they perceive and engage with their businesses. It is discussed in the second sub-section.

5.3.1 Status with respect to employment

The preceding analysis suggested that there are some notable differences between the businesses that can be explained further through the status of the respondent with respect to employment. Furthermore, whether the person was a full-time or a part-time farmer holding employment was related to different patterns of engagement with the

Fringe site with milk collection, livestock and arable farming; Nedyalko from the Remote Lowland site with arable farming and trade with agricultural inputs and outputs.

enterprises. Two key points result from this sub-section. Non-farming businesses were run mostly by respondents with self-employed status. In the majority of cases they had the role of additional income source similar to a job or a pension. In an interesting minority of cases, non-farm business had a main role – either together with farming or on its own. The majority of respondents with employee or retiree status perceived self-employment as a security and their attitude to it was as a secondary activity. However, a minority perceived their business as the main activity, with employment or pensions playing a secondary role. The main differences were in terms of scale and the way they perceived the enterprise.

The respondents drew their income from one or more of the following four main sources: employment, pensions, farming and non-farm business. These are translated into four types of status with respect to employment and are shown in Table 5.10. Respondents' self-employment in agriculture varied from a full-time sole activity to a part-time auxiliary activity that was part of a portfolio of income generating activities.

Table 5.10: Status of the farmer with respect to employment across study sites

Status with respect to employment	Study site				Total
	The Remote Upland site	The Remote Lowland site	The Upland Fringe site	The Lowland Fringe site	
Self-employed	12	14	9	9	44
Full-time job	4	3	5	1	13
Part-time job	2	0	2	0	4
Pensioner	2	3	7	10	22
Total	20	20	23	20	83

Self-employed respondents comprised those who focused on just farming or farming in combination with a non-farming business. They were the largest group. Within these, 29 had only agriculture and most of these had relatively larger scale enterprises than the respondents who combined farming with non-farming business. The second largest group was the pensioners⁴⁰ who also practised farming. They were about a quarter of the sample (22 cases). From these, 5 people also had a non-farming but related activity. The rest practised only agriculture. The respondents who farmed and were employees

⁴⁰ It should be noted that the pensioners in the sample start from the age of 60 years old with the exception of the 50-year-old Stoil who is an arable farmer in the Remote Lowland site and is retired because of disability. Within the total population of Bulgarian retirees, a specific group of 'young' pensioners can be identified which comprises people who have retired from the army at the age of about 50 years old. Two study participants – Brigo and Anton from the Lowland Fringe site – were such examples. Anton was in his mid 50s so he was not considered as a pensioner but rather as self-employed for the purposes in this analysis. Brigo was in his early 60s and was counted as a pensioner, although when he retired from the army and started up his own business he was about 50 years old and had the status of a pensioner.

(either full or part-time) were the smallest group in the sample (17 cases). However, five of these also earned income from a non-farming activity. Businesses unrelated to farming were run mostly by respondents with self-employed status (5 out of 6 cases). However, in the case of one person holding a job, the grocery shop was an additional activity for the respondent and a main activity for his wife who was not occupied elsewhere. These results suggest that non-farming businesses tend to be observed to a lesser extent among respondents who held jobs than it is the case in farming businesses.

There were certain differences among study participants at the regional level with respect to employment status. The sub-sample from the two upland sites offered the largest diversity of cases, representing all four categories. The two remote study sites hosted the majority of the full-time farming study participants. This may be an indication that agriculture was a dominant source of living for people in remote rural areas. It is in line with the finding that farming is a popular career choice of young people in remote areas. The Remote Lowland site sub-sample had mostly self-employed respondents and the Lowland Fringe site sub-sample consisted mostly of self-employed and retirees. As for the farmers combining agriculture with employment, the proximity to an urban centre did not seem to make much difference. There were eight respondents who combined farming and employment in the two urban fringe sites against nine in the two remote sites. The data suggested that a larger distance (of 20 kilometres or more) may be a constraint for getting urban jobs. Study participants pointed out that if the employer was not paying the costs of commuting, these costs can reach up to half of the salary of the commuter. Nevertheless, the presence of a larger number of farming retirees in the two urban fringe sites may reflect the lack of interest in agriculture among the younger people due to more job opportunities.

All self-employed respondents were up to 65 years old and there was no distinctive pattern in the relationship between age and self-employed status. However, the majority of the youngest farmers (up to 35 years old) were self-employed (10 out of 14 cases). Most of the women were self-employed (4 out of 7 cases).

The job-holding respondents were not a homogeneous group with respect to the way they perceived their agricultural enterprise. The situation with job-holding farmers can be viewed from two different perspectives. First, the employee is earning additionally through agriculture and for them agriculture is either compensating for insufficient

income from employment or just providing additional income. This was the case for the majority of farmers with employee status. One explanation is that part-time self-employment contributed to their revenues. They saw farming as a secondary activity, in addition to their job. However, agriculture did not only play the role of an accessible *additional* income source, but also of a *different* income source as demonstrated by the quote below.

It is different when you have a little bit of income from the side. It is a plus. It is different when you wait on one salary only, and when you have something additional as well (Orhan, the Upland Fringe site).

This was related to a perceived necessity to diversify incomes. They perceived agriculture as depending on themselves, whereas salaries depended on the employers and were thus less secure. This perception was encouraged by the relatively high rates of unemployment in the studied rural areas and the frequent incidences of redundancies and job losses experienced by the four communities in the recent past.

In the second perspective, the farmer maintained employment as an additional security and to even out the income flow throughout the year. Full-time employment in the private or public sector provided 'stable' income⁴¹ for sustaining their livelihood (living) and had the role of social security. In such a case, employment may be chosen intentionally to offset the uncertainty and irregularity in revenues within the agricultural sector. There were only two examples – Damian from the Remote Upland site and Boris from the Upland Fringe site. Both respondents placed a strong focus on their self-employed activities by implementing continuous development of their enterprises. However, both also maintained their employee status. Such behaviour can be additionally explained by the low resource and finance base of the owner-managers. They needed to secure at least the basic part of their livelihood and then take some risk with the rest. Similar findings are reported by Creed (1998).

Similar to the farmers holding jobs, among the retirees there were also two types of cases. The majority saw agriculture as an additional activity to their pension and maintained it as a part-time activity. However, a small minority practised farming as a full-time self-employment and as a continuation of their working career after retirement

⁴¹ Interviewees see it as stable or as relatively more stable than income from self-employment in agriculture.

from their original job. All four cases that provided examples were from the Lowland Fringe site. Brigo and Krum had plans to grow and had support from their involved children. In contrast, Yavor and Trifon intended to continue as long as they were able. However, other examples suggest that this also happens elsewhere. Grigori from the Remote Upland site exhibited similar behaviour before deciding to run down his farm as it had fulfilled its purpose during the years of transition. Evgeni from the Upland Fringe site was working towards creating a full-time dairy cattle farm after retirement. Although he had achieved a resource-endowed farm business, he had slowed down and was running down things because of a lack of interest from his sons. This analysis suggests that intergenerational family relations played a significant role and this will be examined further.

5.3.2 Registration as an agricultural producer

Registration as an agricultural producer is another characteristic that can help interpret the degree of engagement with their enterprises as it provides insights into the intentions of farmers towards their agricultural production. Two key findings emerged from the analysis. Registration as an agricultural producer varied according to the type of agricultural sub-sector. It was more widely spread among livestock farmers than arable and horticulture farmers. Registration was related to the long-term commitment of the respondent to farming.

Registration is compulsory for all farmers who trade agricultural produce on the market, and the sample for this research consists of commercially oriented agricultural producers. However, results from the data analysis showed that the ratio of registered to non-registered farmers was 57% / 43% (Table 5.11).

Table 5.11: Status of the farmer with respect to registration as an agricultural producer across study sites

Research site	Registered as agricultural producer		Total
	Yes	No	
The Remote Upland site	10	10	20
The Remote Lowland site	15	5	20
The Upland Fringe site	9	14	23
The Lowland Fringe site	13	7	20
Total	47	36	83

This characteristic of the respondents was more relevant to the degree of importance of the business in their lives than demographic characteristics. The majority of non-native respondents, most of who were attracted to the sites by a specific opportunity for farming, were registered as agricultural producers. All age groups were well represented with respect to this characteristic. However, a majority of the younger farmers were registered, compared to a minority among the oldest. Nevertheless, some of the pensioners undertook farming as a principal and full-time occupation.

The research captured some regional differences with respect to registration as an agricultural producer. There were more registered farmers in the lowland rather than upland areas. These regional differences can, in part, be explained by the diversity of the agricultural sub-sectors. The data indicated that more livestock farmers tended to get registered. The contrasts between the two remote sites were quite distinctive and offered an explanation as to why more people from the Remote Lowland site were registered than from the Remote Upland site. In the Remote Lowland site, the local milk processor Nesho had taken his own initiative to organise formal meetings where he provided consultancy to the milk producers on the peculiarities of the registration. In the Remote Upland site, the farmers did not benefit from such help and relied heavily on themselves to find out what can be done and how. Further investigation revealed that the Lowland Fringe site was similar to the Remote Upland site in this respect. Those that did not have registration were mostly from the livestock sector and expressed hardship with the procedures of the registration. The lower number of cases registered as agricultural producers in the Upland Fringe site related to the higher number of elderly farmers and the relatively low number of livestock farmers in this sub-sample.

The overall higher number of livestock farmers across the sample who were registered can be partially explained by existing incentives in terms of subsidies. At the time of data collection, there were opportunities to obtain subsidy for quality milk whereas direct payments for land were not accessible. They were about to start a year later, after the accession of the country to the EU. In comparison, only the relatively large-scale arable and horticulture farmers, for whom farming represented a full-time occupation, were registered. Not surprisingly, the majority of those with self-employed status were registered as agricultural producers (Table 5.12). This implies the presence of a higher commitment to the business among this group of farmers.

Table 5.12: Registration as an agricultural producer and status of the farmer with respect to employment

		Status with respect to employment				Total
		Self-employed	Full-time job	Part-time job	Pensioner	
Registered as an agricultural producer	Yes	35	4	1	7	47
	No	9	9	3	15	36
Total		44	13	4	22	83

However, evidence from Table 5.12 also suggests that not all job holders and pensioners were registered farmers. Those who had registration also had relatively large operations in comparison to the others in their group. All examples of registered farming pensioners in the livestock sector were from the Lowland Fringe site (4 cases). And the other three examples were in the horticulture sector and from the Lowland and Upland Fringe sites. Most of the farmers who indicated a long-term commitment to their agricultural activity maintained the registration by renewing it on an annual basis. Furthermore, study participants whose intention was not to develop their farming or to discontinue it either never registered or stopped renewing it each year.

The data set offered two exceptional cases with respect to registration as an agricultural producer (Boxes 5.1 and 5.2). These two respondents had all the characteristics of other registered cases, treating farming as long-term full-time occupation, but had never registered.

Murat, 41 years old and from the Upland Fringe site, was operating a farm of 150 sheep for meat and milk, and had started sheep farming in 1985 as a quasi-private activity under the existing conditions of that time⁴². His parents also used to be contract sheep farmers before that. For a period of nearly twenty years, from the start-up to the time of the research, the farmer was doing more or less the same type of production while increasing the numbers of livestock and adjusting the farm to the changing conditions of the economic environment around him. At the time of the research, Murat showed a broad awareness about the future of his sheep farming, subject to entry into the EU, and had plans for further development. Despite this, emerged that he had never been registered as an agricultural producer.

Box 5.1: Murat, the Upland Fringe site

⁴² The suppliers of inputs and the buyers of outputs were publicly owned companies. Part of the output could be sold as retail to private end consumers.

Dobri, 53 years old and from the Upland Fringe site, was currently self-employed as a grape farmer (0.6 ha with table and wine grapes) and as a blacksmith running his own business. He had been running both the agricultural and the non-agricultural business in parallel since he was made redundant in 1991 (he had lost his job at the beginning of the post-socialist transition processes). The interviewee could be considered as progressive in both fields because his son was gradually getting involved in both types of businesses. Dobri demonstrated that he was up-to-date in his fields:

(...) one cannot ignore the new things that come if one wants to do his work.

His confidence in the future of his table and wine grapes production was reinforced by the belief that:

Good produce always has a market.

Nevertheless, Dobri's long-term plans included quitting the blacksmith business and further developing the farming. That was because the blacksmith's work was heavier and given that conditions for farming were not going to worsen in the future. Although Dobri indicated his commitment to farming through buying additional areas and making plans for planting more vineyards and fruit orchards, he was not legally registered.

Box 5.2: Dobri, the Upland Fringe site

The two farmers had been in operation for several years with a long experience with self-employment status. Moreover, they intended to develop their businesses in the future. However, they were not registered as agricultural producers, demonstrating their preference to stay in the shade. The lack of registration was inconsistent with their patterns of enterprise development. Nevertheless, this situation is possible if legislative weaknesses are combined with their own preferences to avoid what they saw as the control of authorities.

This research showed that the mechanisms for enforcement and control of agricultural registration were not sufficient to include all farmers who marketed their produce. In theory, registration was required for selling certified produce. It was also required for selling produce on the existing open markets. However, apart from this, there were no incentives to encourage registration among farmers who sold agricultural commodities to middlemen or wholesalers and to end customers outside of any formal market spot.

5.4 Relevance of previous occupational experience

This section aims to explore the previous experiences of study participants and their implications for the current enterprises. Drawing on the preceding analysis, there are

reasons to believe that present business activities were founded on experiential knowledge. Furthermore, the literature review suggested that previous occupational experience is related to opportunity identification and to the choice of a particular type of business. Indeed, past occupational experience related to present activities for a majority of respondents. It could be associated with start-up in a particular sector (both for farming and non-farming businesses). However, business knowledge did not derive from it. Agricultural businesses were founded on previous agricultural employment experience and the practice of quasi-private agriculture during socialism. There were a significant number of cases who did not have occupational experience that was relevant to their present businesses – the agricultural enterprises in particular. The latter can be explained with the rural context.

The section starts with a discussion of the diversity of occupational experiences that was associated with individual cases. After that, three dimensions of previous occupational experience are analysed in separate sub-sections: relevance of employment experience, managerial experience and experience in quasi-private agriculture during socialism.

5.4.1 Diversity of occupational experiences

Post-socialist farmers come from a variety of professional backgrounds. In addition, there are differences between individuals with respect to the diversity of professional backgrounds they have experienced. Two distinctively different patterns of behaviour in relation to having a job and being self-employed in agriculture emerged within the group of young farmers. One group of farmers exhibited frequent changes of jobs suggesting that they were unwilling to make their living from farming only. Another group of farmers worked only in farming and did not search for paid employment. They made a career choice with respect to this sector.

Study participants offered very rich life histories. Often they have gone through several professions and employments. To some extent, these multiple experiences can be attributed to the diverse history of the country, where political changes brought about social and economic changes. However, previous studies indicate that experience in multiple occupations was quite common for the Bulgarian population, both before and after the changes of 1989-1990 (Creed 1998). Investigation into the diversity of occupational experiences revealed that some of the young respondents offered a notably

higher variability of experiences in comparison to the rest of the study participants. An illustrative, although extreme, example of such complex experiences was the case of Todor, a 35 years old sheep farmer and part-time mailman in the Remote Upland site who said:

I've changed jobs so many times that the only thing I haven't been is a priest.

Before ending up as a part-time mailman, Todor went through interchanging periods of employment and unemployment. Although sheep farming was present throughout all this time, it never became his main activity. He used to work on the still functioning collective farm in the village as a shepherd. Then he became an excavator operator in a mine. During one of his unemployment periods, he even decided to move to the capital of the country and search for a job there; however, he could not get used to urban life and so moved back to the village. The start of the working career of this study participant coincided with the macro-level changes surrounding the post-socialist transition. This case might be considered indicative of the dynamic economic environment experienced by study participants.

The pattern of Todor's employment history was not unique. Further analysis suggested that such a pattern was related to the age of the respondent as it was observed exclusively among young farmers. It was not related to the regional context as the examples below demonstrate. Some of the young respondents in the sample have gone through similar pathways of changing at least 3-4 jobs with periods of unemployment in between (examples are three other farmers in their 30s from the Remote Lowland site – Hristo, Ventsi and Ivan). Others among the young farmers, in their 30s or early 40s, provided examples of a more consistent career path. They started agriculture at the beginning of the post-socialist transition and did not go in and out of employment in addition (examples are Biser from the Remote Upland site, Emil from the Remote Lowland site, Temel and Murat from the Upland Fringe site and Roumen from the Lowland Fringe site). These findings suggest that young farmers may see the role of farming differently from each other. Some of them may be unwilling to live only on farming and would prefer to have other jobs.

5.4.2 Relevance of previous employment experience

Previous employment experience was related to present activities in both agricultural and non-agricultural enterprises. Furthermore, it had implications for the decision to start private farming or another business and for the specific types of observed activities. However, the relationship between previous employment experience and present enterprises was more distinctive for the non-farming businesses than for the farming ones. The majority of farmers had non-agricultural previous employment experience.

Table 5.13 demonstrates that two-thirds of the study participants did not have previous employment experience in the agricultural sector. The majority of those were from the two middle age groups (36-65 years old). The data suggested that there were no real regional differences in relation to whether or not the agricultural producer had previous employment experience in agriculture. The two remote settlements contained a few cases that were in the early years of their working career experience (Table 5.13, column 'not applicable') and this is in line with the age distribution of the study participants. It is also in line with earlier findings as these cases represented some of the young farmers who started their careers in agriculture and did not search for other jobs.

Table 5.13: Farmers' previous employment experience with respect to agriculture

Research site	Previous employment experience			Total
	Agricultural	Non-agricultural	Not applicable	
The Remote Upland site	7	11	2	20
The Remote Lowland site	6	11	3	20
The Upland Fringe site	7	16	0	23
The Lowland Fringe site	8	11	1	20
Total	28	49	6	83

Less than half of those with previous employment experience in agriculture held self-employed status at the time of the interviews (12 out of 28 cases). This is because another major group of people who had previous employment experience in agriculture were retirees (11 out of 28 cases). Thus only a minority combined part-time farming with employment (5 cases). Most of the interviewees with agricultural employment experience were more than 50 years old (20 out of 28 cases). This is in line with the education findings as this group included three farmers with higher education who were at retiree age and five out of the nine farmers with basic education who were older as well. The number of men who did not have agricultural employment experience was nearly twice as high as those who did. The sub-sample of women is much smaller and

does not demonstrate such a distinctive difference – three out of the seven female respondents had experience in agricultural employment. Similarly, four out of seven ethnic minority cases had experience in agricultural employment.

Previous employment experience had some relationship with the present non-farming business activities of the study participants. This finding is in line with the study of Chaplin *et al.* (2004) who found a strong connection between the start-up of a non-farming business and previous professional experience in the area of that business. Three cases provide relevant examples of this. First, the restaurant owner Petko from the Upland Fringe site used to be a manager of a state-owned restaurant during socialism. A second example is Nesho, owner of a small-scale⁴³ milk processing plant in the Remote Lowland site, who used to work as a milk buyer for the local branch of the publicly-owned company for milk collection and processing during socialism. The third example was Dobri from the Upland Fringe site who became a self-employed blacksmith after he lost a job in a factory where he was doing similar work as an employee. All three cases drew heavily on previous knowledge to help set up their present enterprises.

Previous occupational experience as an employee in the agricultural sector was related to the acquisition of specific knowledge that resulted in present enterprises taking a direction that, although different from core farming, was still closely linked to it. A possible explanation is that there had been relatively high job specialization within agricultural enterprises during socialism. In addition, they had relatively more diverse structures. This observation was supported by two different types of examples.

First, this could be noticed with respect to the former operators of agricultural machines. Most of the 10 respondents who provided services with agricultural machines were former tractor and combine operators on collective farms during socialism. These people had a broad knowledge of agriculture, usually acquired experientially through growing up in an agricultural context and by parents practising agriculture at least at the level of home production. But their specialist knowledge was limited to agricultural mechanization, in contrast to many other farmers who had limited such knowledge at start-up (they lacked specific training or experiential knowledge) and needed to acquire

⁴³ When compared with the rest of the milk processing companies in the country. Data were available through MAF. The facility of Nesho had the capacity of 20 tonnes of milk per day, whereas the largest-scale milk processor could process 320 tonnes of milk per day.

it if they wanted to farm with their own equipment. The data showed that many of the former operators of agricultural machinery had privatized such assets from either the dismantling collective farm or the machine-tractor station in the vicinity. These study participants often provided services with agricultural machines to other farmers and that was one of their income streams. This was possible because not all other farmers from the study sites had their own machines. In addition, the renting out of services with machines was conducted by those study participants who were more committed to operating agricultural machines than to farming. They also seemed to enjoy repairing agricultural machines. Examples were Kalin from the Remote Upland site and Stoil from the Remote Lowland site. Both maintained relatively small-scale agricultural operations of less than 5 ha. However, although they had access to machines, they were not interested in developing their farms; instead they would rather sell more services with machines.

The second example of the application of specialised knowledge acquired in the abovementioned way was the case of Paraskeva from the Lowland Fringe site. Her specialised knowledge helped her to offer a marketable product. She used to be a queen bee producer on the collective farm of the village during socialism. During the post-socialist transition, she and her husband continued to do exactly the same but as a privately run activity. In addition, Paraskeva exhibited a completely reactive market behaviour as customers were searching for her and she was accepting that as given. This was also transferred over from her previous experience.

The connection between previous employment experience and present businesses is quite distinctive; however, it is also limited for the sample as a whole especially with respect to agriculture. These results suggest that current commercially oriented farming may be founded on some form of previous independently organised production. Furthermore, it was found that the present farmers were drawing on experiential knowledge derived from either quasi-private agriculture or non-market oriented subsistence farming practised in the past.

5.4.3 Managerial experience

Two key points related to the managerial experience of respondents emerge from this analysis. First, managerial experience across the sample was limited and found mostly

among the older respondents. Second, the presence or absence of managerial experience was related to differences among individuals with respect to entrepreneurial behaviour. These differences were in terms of respondents with managerial experience having a more deliberate approach to their business than those without. Managerial experience makes a similar difference to business as higher education.

This analysis aims to explore the main characteristics of the few respondents with managerial experience. A source of management skills would be previous experience in a managerial position regardless of the economic sector. Most study participants had no managerial experience prior to undertaking farming or any other type of business (Table 5.14). However, the 11 who had previous managerial experience provided an extensive cover of socio-demographic characteristics.

Table 5.14: Previous managerial experience

Research site	Managerial experience from the past, if any		Total
	Yes	No	
The Remote Upland site	1	19	20
The Remote Lowland site	1	19	20
The Upland Fringe site	4	19	23
The Lowland Fringe site	5	15	20
Total	11	72	83

The farmers who had managerial experience were located mostly in the two urban fringe sites, although there were examples from all regions. Six cases were lower level managers of organisational units within larger structures. Five of those gained their managerial experience from working in the agricultural sector. Apart from them, there were two former restaurant managers, one colonel, one mayor and one deputy mayor. One was a female respondent and two were from ethnic minorities. Most of them were from the older age groups; their age ranged from 47 to 78 years old. Furthermore, there were examples from all education groups.

Most respondents with managerial experience were registered as agricultural producers and maintained self-employed status (8 out of 11). Furthermore, some of them appeared more self-confident and more aware of the structure of their enterprise and how it interacted with the economic environment. The majority of respondents associated their businesses mostly with the technical side. In particular, they did not seem to recognise that running an agricultural enterprise was also related to business knowledge in management and marketing, for example. An exception was Petko from the Upland

Fringe site who had previous experience at a managerial position and demonstrated a high awareness of his role in his business:

You must be familiar with agriculture, within the agriculture you must know agronomy, spraying.... Here in the restaurant you must know culinary... at the bar... service... waiter... everything... The accounting – you must know it too...

The two eldest retirees who also had managerial experience managed their small-scale agricultural enterprises in a distinctively more informed and business-oriented way than comparable cases of pensioners without managerial experience. Managerial experience had implications for respondents' ability to initiate and organise. Those with it demonstrated a higher ability to adapt to the changing socio-economic environment in comparison to these without. The same could be said for the two former collective farm agronomists in the sample who were not considered among the study participants with managerial experience, but whose previous experience enabled them to make highly responsible decisions that affected the whole collective farm. They also had higher education. Those with higher education and managerial experience did not necessarily overlap. There was only one respondent who belonged to both groups. They also operated in different agricultural sectors. However, respondents having either of these two characteristics approached their businesses in a more informed way. They maintained medium to larger scale enterprises with a business structure that represented the main source of income rather than drawing income from other possible sources.

5.4.4 Experience in quasi-private agriculture

This type of occupational experience was specific to the agricultural sector. Although available literature suggests that some sort of privately run activities have been observed to a smaller degree in the non-agricultural sectors of the economy, the present sample does not provide such evidence (McIntyre 1988). Several key findings emerge from this sub-section. Experience with quasi-private farming was directly related to the present operation within a particular agricultural sub-sector. For comparison, agricultural employment experience had an association with the practice of farming in general. The practice of quasi-private agriculture was strongly rooted in the family context and, more specifically, in the intergenerational relations between parents and children.

Almost half of the interviewees (39 cases) reported experience with quasi-private agriculture during socialism, either personally or through parents. The analysis revealed an overlap of experience in agricultural employment and quasi-private farming for more than half of the cases with an agricultural job background (15 out of 28). This group included the five interviewees that had managerial experience in the agricultural sector. Furthermore, two thirds of the interviewees who had previous experience with quasi-private agriculture also had self-employed status.

At the level of the whole sample, the most common past experiences were in sheep, dairy cattle and vegetable farming. Less common was the production of mushrooms, tobacco, honey and piglets. No other types of production were represented by the present research sample, although some could probably be found in different rural areas. Notable differences were evident at the regional level. The two lowland sites offered a larger number of study participants who had experience in quasi-private agriculture, either personally or through parents, in comparison to the upland sites. They also demonstrated a more diverse experience in terms of types of production in comparison to the upland sites. These previous experiences were related directly to the present activities for most of the relevant study participants. For example, all of the sheep farmers had experience with contract sheep farming personally or through parents, except Marin from the Remote Upland site who used to be a shepherd on the socialist-type cooperative farm but also stressed that for him sheep farming was a heritage passed on from his grandfather. There were similar findings for the majority of the beekeepers, vegetable producers and dairy cattle⁴⁴ farmers. This suggested that the relationship between quasi-private agriculture and the present enterprises was more distinctive than the relationship between previous agricultural employment and the current enterprises.

A total of 31 interviewees had no experience with quasi-private and no previous employment in agriculture. However, some of those who had such occupational experiences also provided evidence of a family-rooted transfer of knowledge and experience that can be related to the present enterprises. Farmers recognised the experiential origin of their knowledge on agriculture by pointing out that they had learnt it through helping parents:

⁴⁴ Dairy cattle farming has always been 'on the edge' between commercially-oriented agricultural production and production for home consumption because quasi-private dairy cattle farming typically included only one or two cows. However, it cannot be said to be only one or the other; this is why, contrary to other subsistence activities, it has been taken into account in this analysis.

In general here in the village we are like this. Since I was young... my father used to rear cows... my grandfather used to rear cows... And this is not unfamiliar to me... (Bojidar, the Remote Lowland site).

In addition, they associated the experience with their life in a rural area. Rural life was perceived to be interlinked with agriculture to such an extent that many study participants explained their knowledge of agriculture in relation to their rural roots and place of residence. This was often the case for those with and without previous occupational experience in agriculture. The following quotations from two participants provided support for this:

Well, we are villagers. Since young we have been working the land, and we know it (Orhan, 59 years old, fruit and vegetable farmer, the Upland Fringe site).

Well, it is in the blood. It is inherited. If you had lived here, and your father had lived here, you would learn it also. You will milk cows, you will not be afraid of them. You will walk the sheep. And all the rest... (Kubrat, 63 years old, arable and sheep farmer, the Remote Lowland site).

Orhan had previous experience in the quasi-private production of vegetables and, in addition, he had previous employment as an agricultural machine operator. However, Kubrat had worked as a driver for most of his life and did not have experience in quasi-private agriculture. The evident relationship between rural residence and knowledge of agriculture is helpful for drawing links between present enterprises and previous experience when the latter is not related to a specific occupation. Furthermore, it is in line with the results showing that most respondents were native to the study site where they operated. The data revealed that nearly all study participants were brought up in an agricultural community context⁴⁵ in a rural area,⁴⁶ including some of those respondents previously identified as non-native to their study site. This explains the predominance of experientially-built knowledge in farming. The few cases that indicated an urban origin also related their present life and activities to their rural ancestors. An exception was Viktor from the Remote Upland site who neither grew up in a rural area nor stressed the presence of rural ancestors, but both his parents were agronomists and therefore their careers were within the agricultural sector.

⁴⁵ 'Being brought up in an agricultural community context' stands for the presence of rural roots that have contributed to the life experiences of the person. It can also mean that the study participant is familiar with rural life and has spent at least part of it as a rural resident, especially childhood.

⁴⁶ From the point of view of the people in this research, 'agricultural community' and 'rural community' are synonymous.

5.5 Summary

This chapter investigated the socio-economic characteristics of the farmers and their enterprises. The sample was analysed in terms of demographic characteristics, types of businesses, occupational experience and employment status. The characteristics of the owner-managers and their businesses were discussed separately and cross-examined to explore any emerging patterns. Furthermore, the chapter provided insights into the sectoral and economic contexts of the owner-managers. The following key points emerged in relation to the farmers and their economic activities:

- Study participants maintained a diverse income structure, both at individual and household levels. The aim was to maintain a diverse and regular income.
- The regional context was related to the type and structure of the agricultural enterprises. Much depended on what was perceived as 'traditional' which, in turn, was related to the available knowledge base. Business structure was partially related to land resources in a regional context.
- Farmers differed with respect to their orientation towards self-employment. The latter was related to the scale of the business and could be explained by different socio-demographic characteristics. Overall, young farmers tended to be more oriented towards self-employment and less diversified into non-farming businesses. This stronger orientation towards self-employment was often related to previous occupational experience – managerial experience in particular. The latter had a stronger effect on the present businesses than experience in quasi-private agriculture.
- The size of the businesses, together with incomes from jobs or pensions, provided an indication of the significance of the business in the life of the respondent. This was also the case in terms of registration as an agricultural producer and patterns of behaviour in relation to having a job.
- Two alternative patterns emerged with respect to the enterprises: first, where the agricultural enterprise had a secondary role and the farmers preferred employee status; and second, where the agricultural business was the main focus with commitment to its maintenance and development.

Chapter Five has demonstrated that most businesses were characterised by a diverse structure. Moreover, many farmers maintained a diverse income structure by drawing on more than one source of income and there are reasons to expect that this finding is

also applicable at the wider household level. The results suggest that some study participants may feel insecure; some may be compensating for a low standard of living by using the resources they have got; some may be reacting to an unstable economic environment; and others may be influenced by the dynamics in the involvement of other family members. Analysis of the importance of farmer motivations and the development of the enterprises, in the next chapter, will help to provide further understanding of entrepreneurial behaviour.

CHAPTER SIX

ENTERPRISE START-UP AND DEVELOPMENT

Chapter Six extends the analysis by exploring farmers' motivations, perceptions, attitudes and aspirations and how they help explain the start-up and development of their businesses. It consists of three main sections. The first section investigates the start-up motivations of the farmers in order to gain insights into their reasons for undertaking self-employment. Key aspects of enterprise development and growth processes are discussed in the second section. In the third section, specific attention is paid to the concept of engagement with the enterprise. It is relevant to the interpretations and understanding of the connection between motivations, growth achievement and aspirations and the resulting businesses.

6.1 Start-up motivations

This section provides an in-depth analysis of the underlying reasons for the start-up of a new business among the sample of farmers. It traces their experience back to the very beginning when they first undertook their own agricultural or non-agricultural business. The section starts with a framework that facilitates an interpretation of the initial motivations for start-up. Respondents' motivations are categorised into three major types that are discussed in separate sub-sections. The fourth sub-section presents a separated discussion of the group of young farmers whose background characteristics differed from those of the other respondents. The last sub-section provides a provisional categorisation of agricultural producers along an entrepreneurship continuum and elaborates on an observed change in motivation for some of the farmers.

The literature review in Chapter Two suggests that the reasons for start-up are embedded in macro-level developments in Bulgarian society and economy. Thus motivation is related to specific experiences from the socialist period and the period of transition after that. The restructuring of agriculture and the rest of the economy brought about by the end of the socialist period was a naturally emerging milestone for the

analysis of business start-up activities in Bulgaria⁴⁷. As a result, assets and tangible resources changed hands, new opportunities appeared and previously established sources of livelihoods became unavailable.

The reasons for start-up are summarised into three major categories (Figure 6.1). The development of these categories and the distribution of respondents across them are rooted in the post-socialist country context of the research. They reflect the presence of diversity in the ways respondents experienced the post-socialist context. The different ways in which respondents experienced various aspects of the post-socialist context can be related to different patterns of enterprise start-up.

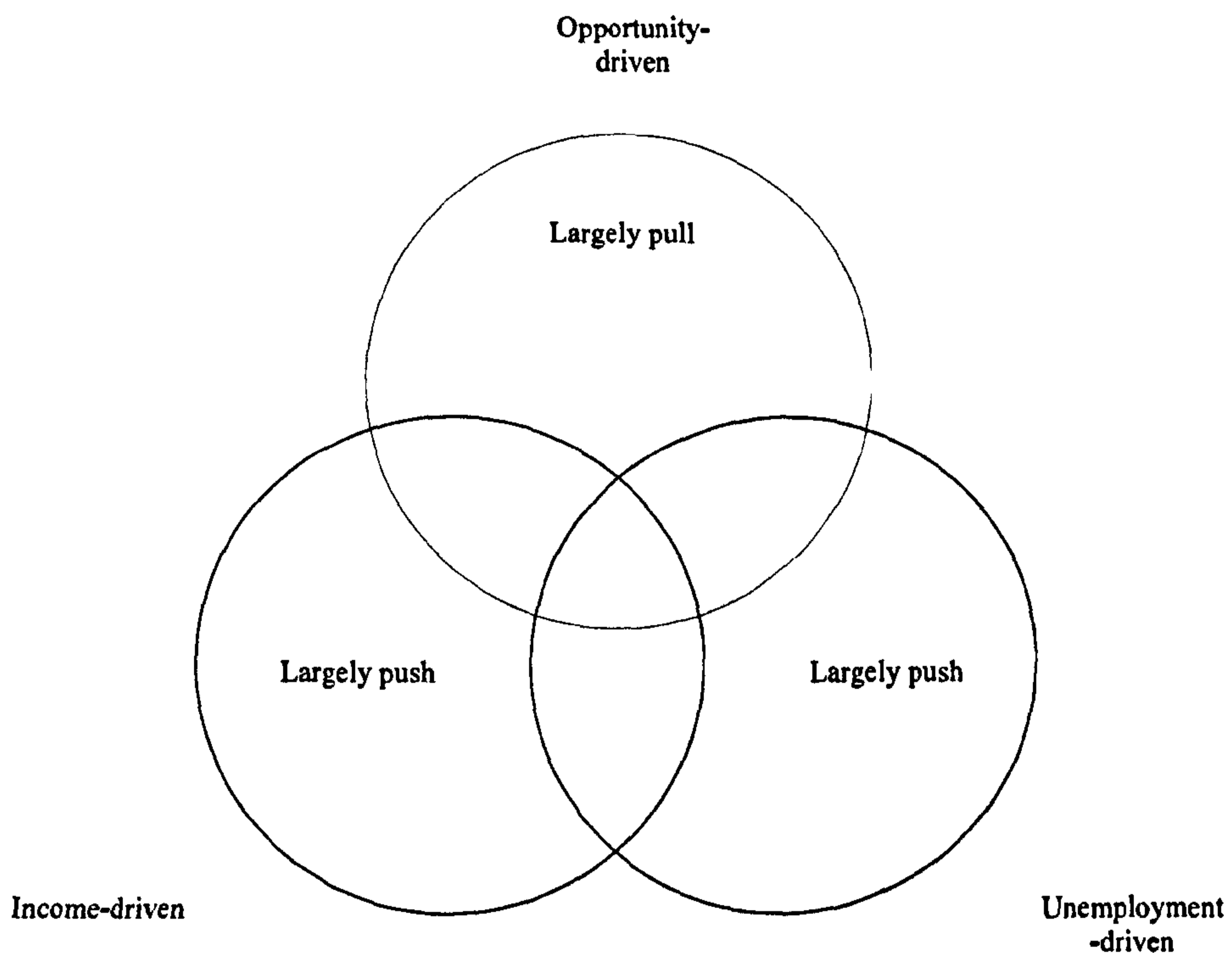


Figure 6.1: Motivations for initial start-up

⁴⁷ The exact date known as the end of socialism in Bulgaria was 10th November 1989, but the changes related to it did not happen overnight. They took place in the years that had followed.

The first group of motivations, labelled 'opportunity-driven', represented externally created opportunities for business start-up. On the one hand, the opportunity derived from socio-economic change at the macro level. On the other hand, and specifically for the agricultural sector, it was accompanied by restitution and privatisation of productive assets. Opportunity-driven motivation extended beyond the specific time period and applied to start-ups occurring in later years as well as those associated with aspirations for self-employment.

The second group of motivations, labelled 'unemployment-driven', referred to externally originating job loss or conditions reflecting a limited availability of employment. It represented the leading reason for taking action among the cases exhibiting this type of motivation. Start-ups as a result of unemployment-driven motivation occurred throughout the whole period of time from the start of the post-socialist transition to the current research.

Third, a specific type of motivation related to insufficient income, in combination with access to agricultural resources. The re-distribution of resources within the agricultural sector did not overlap with the aspirations of all the beneficiaries in relation to self-employment. However, for some of them their income sources could not cover their income needs and they made use of these acquired resources.

The three motivation categories intersect with each other because the owner-managers were rarely influenced by just one reason for start-up. For many of the respondents, multiple reasons appeared to have a simultaneous influence. However, certain reasons for start-up had a relatively stronger influence in comparison to the others. The empirical evidence demonstrated that the perceptions of individuals towards similar events, such as loss of employment, differed depending on whether or not they wished to become self-employed. Moreover, the importance of both positive and negative feelings by owner-manager has already been reported by Momsen *et al.* (2005) in their study of another Eastern European post-socialist country. Therefore, the motivations for start-up cannot be interpreted unidimensionally. The three types of motivations are discussed in more detail, and with specific examples, in the following sub-sections. The interrelations between them are also highlighted.

A few points about the whole sample, in relation to previous analysis, can be made. The ethnic minorities were distributed across all three categories; this was not the case for the female respondents. The different types of education were also distributed throughout the three categories. Thus, from the socio-demographic characteristics discussed in the previous chapter, only the age of the respondent was significant in relation to start-up. From a start-up perspective, there were higher numbers of young respondents and lower numbers of retirees in the sample. Businesses that were founded on previous knowledge and experience were started mostly at the beginning of the post-socialist transition; in contrast, businesses based on newly and purposively acquired knowledge started-up in later years.

6.1.1 Opportunity-driven start-up

Owner-managers that were characterised by opportunity-driven start-up were also the ones that were engaged with it as a full-time main activity. This finding is in line with results outlined in Chapter Five as it was supported by the relatively larger businesses, by a lack of aspiration for employment and by their engagement with farming as represented by registration as an agricultural producer. Furthermore, the investigation into start ups demonstrated that some owner-managers chose to diversify their businesses into agriculture from a non-agricultural starting point.

A total of 18 interviewees perceived an opportunity and exploited it in a proactive manner. For the majority of these the start-up happened in the early years of the post-socialist transition. The opportunity was created by external factors and accompanied by contextual conditions that supported the perception of opportunity among a relatively large number of people. A much smaller number of owner-managers started up their businesses because of opportunity-driven motivation in the years after that (two out of 18). This suggests that processes related to the post-socialist context had quite a significant influence on their behaviours.

This group contained several cases that built on an already existing quasi-private agricultural production. For them, this period was an opportunity to develop their enterprises, as can be seen from the example of Emil from the Remote Lowland site:

They started to give the land back. They started it in 1990... and then we started to cultivate more land with vegetables. Before that it was only two yard plots, 0.2 ha⁴⁸ each. And that was all. Afterwards we started to grow vegetables also in the field.

Previous research points out that the supplementary practice of farming was an opportunity during socialism (McIntyre 1988). This research provides evidence that people who perceived farming in this way usually practised it as a main occupation.

Most of the study participants who saw this period of time as an opportunity had also lost their main source of income (employment) at that time. Nevertheless, they rarely highlighted job loss as a reason for start-up in comparison to those whose motivation was founded on experiencing unemployment.

And after that (job loss) I started step by step to cultivate land. Because after the regime fell in 1989 there was already an opportunity, and it was possible that we decided what we are going to produce (Naim, the Upland Fringe site).

For Naim and the other study participants in similar circumstances, the loss of a job was one of the prerequisites for pursuing another source of living. However, they differ from the other respondents who experienced unemployment by recognising the opportunity to acquire resources and start-up their own agricultural enterprise. Similar, although fewer, examples are available for non-agricultural business start-ups:

I got fired and I went to Serbia. I started (trading) with forks and spoons and things like this, plastics as well. I came back in 1991 and I took the equipment. I made big credits first, and I bought the equipment. And I started (Nesho, milk processor, the Remote Lowland site).

The case of Nesho also suggests that non-farming businesses did not benefit from access to resources in a similar manner as farming ones. Nesho and the other two respondents who started small non-agricultural businesses at the beginning of the post-socialist transition period did so in a sector that was directly related to their employment experience. However, post-socialist changes in the non-agricultural part of the economy were different from the pattern of agricultural reform and were not related to access to

⁴⁸ The commonly accepted and used measure of land among the Bulgarian population is 'decare'. This is the unit that respondents used during the interviews. One decare amounts to 1000 square metres and is equal to 0.1 hectare. For the purpose of clarity, the amounts of land reported by respondents in this research have been presented in hectares. The latter is the official unit of measurement of agricultural land in both EU and national statistical sources.

resources. The owner-managers who started with non-agricultural business undertook farming at the same time or a few years later. In this case, they were also led by opportunity-driven motivation and exhibited aspirations for business development.

In contrast, for those with an agricultural employment background in particular, agricultural reform made all of them unemployed. However, simultaneously it provided them with resources from restitution and with access to more resources from privatisation. The improved access to land, machines and other assets acted as a stimulus because most farmers with such a background had an aspiration to farm.

I have been a shepherd in the TKZS from 1982 till 1991 when there was liquidation. After that I have been raising my own sheep. (...) When I started up I left the TKZS with 50 sheep (Marin, the Remote Upland site).

The opportunity-driven respondents were nearly all full-time self-employed at the time of research and have been full-time self-employed since start-up. The only exception was Damian from the Remote Upland site who retained part-time employment as an additional security. However, his sheep farming was a priority over his wage employment. Furthermore, he indicated continuous development of the enterprise in a similar manner to those who were full-time self-employed. The majority of the opportunity-driven farmers were registered as agricultural producers. However, there were three cases that did not have registration, but this was not due to a lack of aspiration for developing the agricultural enterprise.

6.1.2 Unemployment-driven start-up

The respondents led by unemployment-driven motivation exhibited some characteristics that were associated with a distinctively different relationship with their business, thus allowing them to be identified as a separate group. All were full-time self-employed and did not search for jobs. However, they had low aspirations towards self-employment and perceived their enterprise as a substitute for their 'employment'.

The experience of unemployment appeared to be a motivation for start-up in two different time periods. The first period was from the end of socialism to the end of 1994. During the years 1990-1994, most agricultural reform had taken place and the agricultural sector had changed its role as a source of employment for the rural

population. But the slow development of structural reform in the non-agricultural part of the economy resulted in additional job losses in the succeeding years.⁴⁹ This is the second period, starting in 1995 and continuing until this research was implemented (2005).

Most of the study participants whose initial start-up was due to unemployment lost their jobs during the first period 1990-1994 (17 cases). And most of these cases came from a non-agricultural employment background. This was because most former agricultural employees were driven by the opportunity to start up their own farm enterprises. Despite experiencing a long time out of employment (12-13 years prior to data collection), most of the owner-managers in this group were self-identifying as unemployed and this was the leading motive for their behaviour.

I am unemployed and I started from one calf and this is it now (Rado, seven dairy cows, the Remote Upland site).

Study participants who emphasised unemployment as a reason for start-up also did not see change as a source of opportunity. Rather, they saw the opposite as the following two examples show:

But then the TKZS was shut down. The automobiles were sold. The APCs were liquidated and we remained unemployed. And we started finding our way individually. To search for incomes. (...) Here I do not see any hope for opening new work places, for people to find employment. Here there used to be a military factory, but it is shut down already. Now, there is just one tailoring factory, where my daughter-in-law is working, and for the men it is impossible to find work, except in livestock production (Bojidar, the Remote Lowland site).

Because they used to look for people to fatten ducks. And they called us. And we were both unemployed at this moment. What could we do? At our age, wherever we go to search for work, everyone is telling 'you are at such an age that we cannot hire you'. And... willing or not we fatten ducks (Radka, the Lowland Fringe site).

These quotes further suggest that unemployment as a reason for start-up was also related to a reluctance to become an owner-manager. Furthermore, agriculture was seen as the only available alternative.

⁴⁹ Jeffries (1996) showed that by the end of 1994 there had not been much restructuring of the Bulgarian economy.

The second period, 1995-2005, was marked by a smaller number of cases who stated that unemployment was a reason for initial start-up (7 cases). Here, study participants had previous experience in non-agricultural sectors of the economy. The incidence of unemployment was perceived similarly to the cases where unemployment occurred in the early years of the post-socialist transition.

And most importantly, because of lack of employment, there is no employment; there is no place to work (Dancho, the Remote Upland site).

Furthermore, start-up in agriculture was seen as the only feasible alternative, similar to the cases from the first period. Only one case in this segment, Angel from the Remote Upland site, tried carpentry immediately after becoming unemployed in 1996. However, he gave it up soon after that because, in his words, the economic situation of the people in his rural area was so stagnant that none was searching for his services.

The unemployment-driven farmers from the first period also had the opportunity to acquire productive assets during the privatisation processes of the early 1990s, but they did not do so to the same extent as those farmers whose start-up motivation was opportunity-driven. Unemployment-driven start-ups during the second period were building on an already existing home production or a supplementary agricultural enterprise which they practised in parallel with their employment. However, these farmers started their business after losing their jobs. The experience of unemployment marked the time when their living started to depend entirely on farming.

Previous experience for the unemployment-driven farmers was related mostly to the rural context and experience in quasi-private agriculture during socialism because only three had employment experience in the agricultural sector. The majority had dairy cattle farming as the main agricultural enterprise. This can be associated with their aim of substituting their job with another source of regular income. There were also a few fruit and vegetable farmers from the Upland Fringe site. The scale of the enterprises was sufficient for a full-time occupation, but they were usually smaller than the enterprises of the opportunity-driven respondents. Only a few were registered as agricultural producers and this was mainly to solve their social insurance status rather than an expression of commitment to the agricultural enterprise.

The majority of the unemployment-driven respondents were in their 40s or 50s at the time of start-up. They were at a life stage associated with growing children and a stronger demand for income. Two cases among them, Grigori from the Remote Upland site and Marta from the Remote Lowland site, had considered getting a job again but felt that it would bring lower earnings than farming. Within this group, three cases started non-farming businesses at a later stage. It was at a larger scale than the initial farming and included the involvement of other family members. Others were practising part-time non-farming activities like services with machines. However, these were of lower importance to the respondents than agriculture.

6.1.3 Income-driven start-up

The respondents who were characterised by an income-driven start-up of private farming engaged with commercially oriented agriculture because their primary sources of income were either insufficient or insecure. They were part-time farming employees or retirees who used their acquired resources from the agricultural reform in the early 1990s. A key finding for this group of farmers was their low aspirations towards self-employment and being owner-managers; they maintained very small-scale enterprises that represented a part-time occupation. However, they could enlarge them in the light of unemployment.

The employees in this group never intended to just practise farming (10 cases). They undertook agricultural production by utilising the obtained resources in a pluriactive manner as they also aimed to maintain their employee status. Furthermore, they perceived farming as an additional activity and maintained the status of employees for part or most of the last fifteen years. These farmers increased the scale of agriculture during periods of unemployment and decreased it during periods of full-time employment. They were reluctant to be self-employed and maintained part-time farms on a relatively small scale. In this respect, they were similar to the unemployment-driven farmers. However, in this case the enterprises were even smaller and did not provide a regular income. This further suggested that they had a secondary role.

The income-driven employees were in their 40s or 50s at the time of start-up and this is another similarity between them and the unemployment-driven farmers. The following quotations from Aneta in the Remote Upland site are illustrative of those who exhibited

a pattern of start-up that involved the maintenance of agriculture as a supplementary activity (Box 6.1).

When the changes happened in 1989, the TKZS was broken up. And we took a cow. (The animals) were distributed to the whole village and we took one too. And since then we started looking after cows, pigs, piglets.

For the future, we have left again two sows, to look after them in our leisure time off work, because it is a sort of additional income that we need a lot. We have to work at something (in addition to the job).

I prefer to have a job. But if I get fired and I have no job, if it is necessary, I will start bringing up livestock again.

Box 6.1: Aneta, the Remote Upland site

In contrast to those farmers who saw change as an opportunity to start up their own enterprises, agricultural producers like Aneta did not express a desire to be an owner-manager and run a farm. For them, agriculture had a secondary role and they were reluctant to depend entirely on it. This perception of the agricultural enterprise as a side activity was further supported by Pirin and Gancho from the Upland Fringe site who said that it was like a hobby for them. However, it was an important addition to their salaries.

The majority of the income-driven farming employees showed no aspirations for improvement or growth in their farming activity and they were just utilising (exploiting) what resources they already had. For these farmers, the acquisition of assets made the agricultural sector an accessible alternative for increasing incomes. In some cases, they did not fully utilise their assets and some remained unused. The examples included inherited land, acquired buildings that were meant for livestock rearing and various agricultural machines. In this respect, they were more selective than the unemployment-driven farmers who used all their acquired resources.

Some of the respondents provided examples of non-agricultural income generating activities and their patterns supported the findings about their farming practice. Non-farming income generating activities were either practised at a small scale and in a supplementary manner or, if they were at a full-time scale, they were the main activities of the wives of respondents and the latter were involved only partially.

The pensioners characterised by income-driven start-up retired around the time of the post-socialist transition or a little earlier. They took the opportunity to access resources and earn additional income as demonstrated by the quote:

(Agriculture) is an additional income. Although my pension is good, and my wife's pension is good. But there are a lot of needs in the family, there are six grand children (Jelio, the Upland Fringe site).

This group within the sample included seven cases and most of them were fruit farmers from the Upland Fringe site. For some of these, their pensions provided an insufficient means for living. Similar to the employees characterised by income-driven motivation, the enterprises of the income-driven retirees were small scale and of a seasonal character. Furthermore, this group included the oldest farmers in the sample. In contrast to the income-driven employees, these farmers maintained the part-time scale of their farms because of age-related reasons:

We are already searching how to make our work lighter (Neno, the Upland Fringe site).

It should be noted that the number of retirees in the sample (about a quarter) does not overlap with the number of individuals who started up agriculture after retirement. Some of the present retirees had started up as a result of either opportunity-driven or unemployment driven motivation and had been at an earlier life stage at the time of start-up.

Comparing the employees with the retirees within the group characterised by income-driven motivation suggested that the main difference between them was their life stage. Moreover, these were two consecutive life stages. None of the two groups indicated that they intended to change the part-time role of their enterprises. However, they also did not indicate that they would stop their activities. Furthermore, the majority of the income-driven employees suggested that they would continue maintaining their small-scale enterprise after they retire as an additional income to their pensions.

The majority had non-agricultural employment experience. However, they either had experience in quasi-private agriculture or were familiar with it through a rural context. Furthermore, the attitude of the income-driven farmers to their agricultural enterprise was supported by the lack of registration as agricultural producers. However, their

attitude can be interpreted as one towards self-employment in general rather than towards agriculture in particular.

6.1.4 Start-up motivations of young farmers

This sub-section focuses on the sub-group of young farmers whose start-up motivations were in line with the identified three main types. However, they represented a distinctive sub-group because their start-ups were less rooted in the post-socialist context in comparison to farmers from the older age groups.

Young farmers were characterised by a distinctively different starting point in their owner-manager experience (17 cases). They started up their own business at the same time as they started to earn their own living. As a result, these study participants had little previous employment or owner-manager experience. All of them started in agriculture in their early 20s. Start-ups happened throughout the whole period since the beginning of post-socialist transition.

However, not all of these farmers undertook agriculture as a main activity from the beginning. Only some of them did this (8 cases). These respondents did not search for jobs. Their motivation, similar to the opportunity-driven farmers, was related primarily to the need for independence, as the example below demonstrates:

So we took the first cow... and we started to like it. We saw it as an easier way to earn money and to be at home, instead of having a job. So we took the other cows. One by one. Almost for all of them we were paying in instalments, because everything is related to the money and we did not have any other income from anywhere. (...) In general, many people say that farming is not nice and that it is hard but for me and my husband it is perfect (Desislava, the Remote Upland site).

Some undertook steps to gain additional knowledge in relation to the chosen activity, as in the cases of the husband of Desislava from the Remote Upland site and Nedyalko from the Remote Lowland site. Others drew on the knowledge of their ancestors and started up activities related to what they already knew.

Another sub-group of young farmers (9 cases) was characterised by the perception of limited availability of employment in their rural area. They reported to have been trying

to get various jobs since they started up in farming. Some of these were young respondents with a high diversity of occupational experiences. Furthermore, they increased their dependence on agriculture during periods of unemployment and decreased it during periods of full-time employment. This suggests that they would prefer employment to self-employment in agriculture. These young farmers had older family members involved in their enterprises which facilitated their initial partial involvement with agriculture. However, at the time of the research most of them were full-time farmers. They were similar to those respondents who started in agriculture because of unemployment and the lack of alternative employment opportunities. Only three had jobs and farmed part-time and they managed to have this status for most of their experience as farmers and employees. In this respect, their pattern of behaviour was similar to that of the income-driven employees. Below is the example of a young farmer whose agricultural activity was supplementary to his main occupation as a vet:

If it wasn't that I am getting side income I would never do it (the sheep farming). I am going to look after my profession and I would not bother with it at all. But because I gain money at once as a lump sum... (Yasen, the Remote Lowland site).

The young farmers who were also opportunity-driven had relatively large scale enterprises similar to the respondents from the opportunity-driven group. In contrast, the young farmers who were also influenced by the perception of limited employment possibilities were comparable to the unemployment-driven farmers in respect of the scale of the enterprise; however, it was relatively smaller but still a full-time occupation. The part-time young farmers had enterprises of a similar scale to the income-driven respondents. This suggests the presence of continuity in the patterns of entrepreneurial behaviour in the agricultural sector as similarities can be observed across groups of people at different life stages and different starting points for becoming owner-managers.

All non-agricultural activities practised by young farmers were related to agriculture and the scale of their agricultural enterprises. Two of the opportunity-driven young farmers started non-agricultural activities at a later stage and these were the largest within the group. Some of the unemployment-driven young farmers offered services with their agricultural machines and this was supplementary to their main occupation in farming.

The young farmers as a whole relied on their ancestors for resources (such as assets, labour or knowledge) and, in addition, sometimes had to secure funding for an initial investment, as in the case of Dimcho:

I have been dealing with the cows for two years. I have started by myself. I took a small credit in the beginning (Dimcho, 22 years old, the Remote Lowland site).

Dimcho was the youngest respondent in the sample. Because of his age, he could not offer much previous experience. However, his start-up could be contextualised by family factors. Although the respondent seemed to have taken an independent decision, he used a facility belonging to his parents that has been used for rearing dairy cows before. In addition, his father had experience with the activity and he helped him with expertise and labour. Overall, the unemployment-driven young farmers were supported to a greater extent with tangible resources passed on by family members than the opportunity-driven young farmers. This suggests the presence of stronger concerns among the unemployment-driven young farmers and their close family about making a living.

Young farmers were characterised by a strong commitment to their agricultural enterprises. Almost all of them were registered as agricultural producers – except for the part-time ones who had other jobs and those who did not get the registration for any apparent reason. Furthermore, none self-identified as unemployed. This also suggests that they were not influenced by the perception that everyone should have a job, which was widespread among the working age farmers who also experienced job loss as a result of post-socialist changes.

6.1.5 Entrepreneurship continuum and change in motivation

The discussion from the preceding sub-sections highlighted a number of features that can be attributed to farmers and facilitated specifying differences among them with respect to entrepreneurship. These suggest that a continuum illustrating the degree to which people engage with entrepreneurial behaviour can be developed (Figure 6.2). Interviewees can be situated at different positions along the continuum according to whether they are closer to the “less entrepreneurial” or “more entrepreneurial” end of the graph. Given the exploratory nature of this research, this categorisation is of limited

applicability to the wider population of agricultural producers. Its shape reflects the contextual and situational nature of entrepreneurship where individuals can move along the continuum. Evidence for such movement is further provided by the analysis that revealed the presence of change in motivation over time; this is elaborated later in this sub-section. Nevertheless, this categorisation is a useful provisional result that can inform further research on entrepreneurial behaviour among farmers.

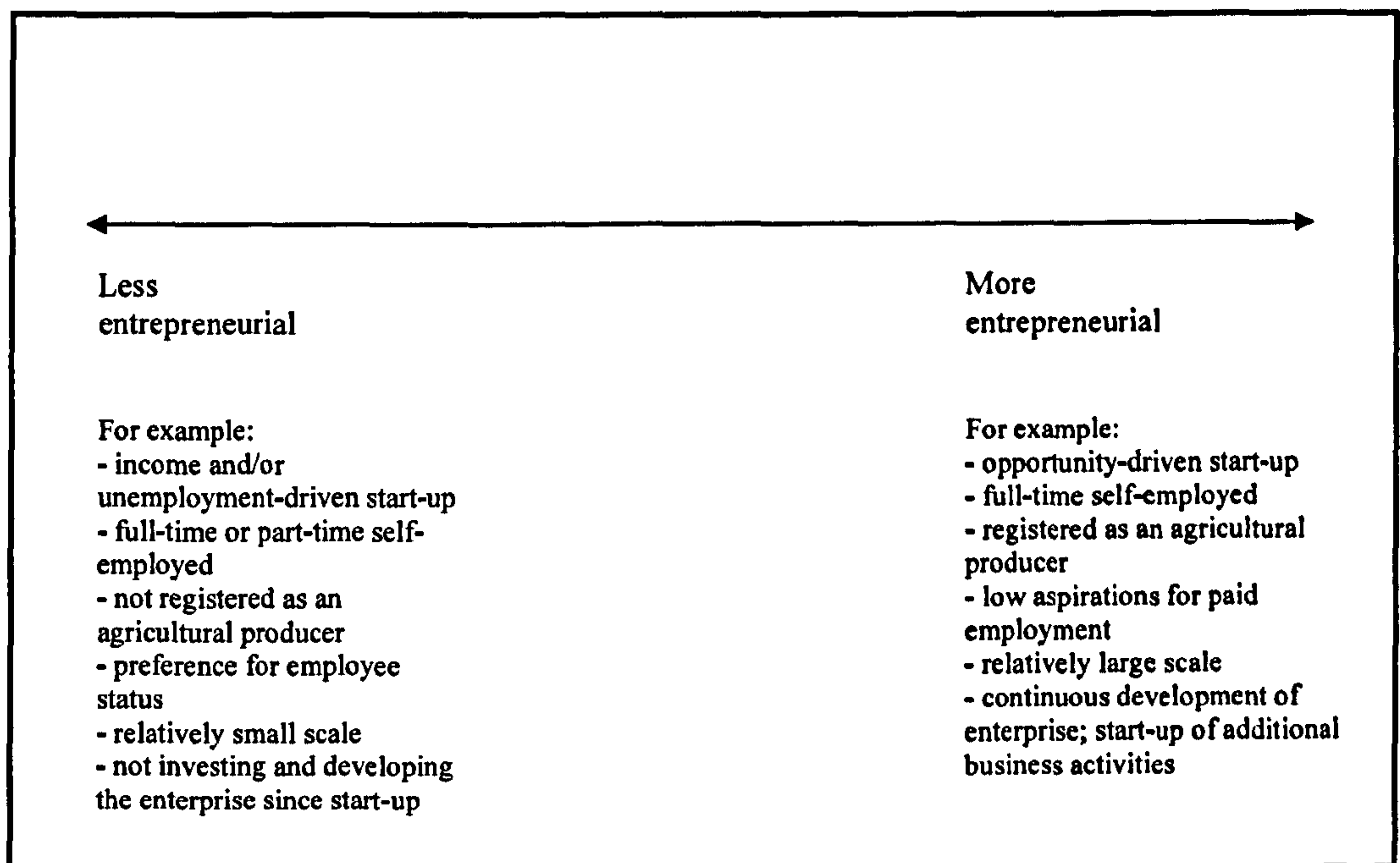


Figure 6.2: Entrepreneurship continuum

Figure 6.2 draws on the interpretations of start-up motivations, supported by the characteristics of the owner-managers and their businesses. The analysis suggests that different categories of start-up motivations are associated with specific characteristics that can be used in developing profiles of more and less entrepreneurial farmers. According to the present classification, owner-managers exhibiting opportunity-driven motivation fall closer to the “more entrepreneurial” end of the continuum. In contrast, towards the “less entrepreneurial” end are farmers driven by unemployment and/or the need for additional income.

The above analysis of start-up motivations demonstrates that respondents had different lengths of experience as owner-managers that could be as much as 15 years. As a result of this experience, a change in motivation could be observed. It is accompanied by a

change in aspirations, perceptions and attitudes about the business and self-employed status.

Research data indicate that some farmers, through the experience of 'being one's own boss', started to appreciate the status of business owner-manager. These were people who entered self-employment at the beginning of the post-socialist changes for predominantly unemployment reasons. However, they expressed opinions that suggested the negative motivation at start-up had been transformed into a positive motivation for sustaining the enterprise:

(...) it is clear that it is better to work for myself. And I would prefer to work for myself if I could do it (Marta, the Remote Lowland site).

For none else. Only for myself... From now on I will not go to work for someone else.... As I said... I am not able to be under (someone else's) control anymore (Jivko, the Lowland Fringe site).

(...) when I am working I prefer to input labour, to input efforts, to input energy, and I prefer to be my own boss. And these are the tendencies, the family business, this is the future... I don't know (Bojidar, the Remote Lowland site).

The cases of Marta, Jivko and Bojidar provide specific quotes to illustrate this finding, although the same reasoning can be inferred for several other cases as well. However, these were a minority among the unemployment-driven farmers. The analysis of start-up motivation suggests that the majority of respondents were not led by a desire for 'being one's own boss' and 'need for independence'. Nevertheless, the farmers who exhibited a change in motivation had learned these throughout the course of running their enterprise and experiencing self-employment. Furthermore, they had started to value them. Any change in motivation, from negative to positive, can be further related to a change in mindset from employee to self-employed. The transition from employee to a self-employed mindset is a notable point of the research because such a mindset could not have existed before the start of the post-socialist transition.

6.2 Enterprise development and growth

The analysis of farmers' motivations provided some clues about how the different drivers for start-up were related to a diversity of perceptions, attitudes and aspirations of

the farmers. This section continues the investigation by looking at key aspects of the post start-up development of the enterprises. These are organised into four sub-sections. The rate of growth and attitudes towards growth of the small businesses are presented in the first sub-section. The second sub-section analyses the implications of adding a different activity to the enterprise. Attitudes to the borrowing of financial resources in relation to the development and growth of the enterprises are explored in the third sub-section. Lastly, the complex role of the pending entry to the European Union on enterprise development and the planning behaviour of farmers is examined. The implications of the findings for the observed businesses are discussed.

6.2.1 Rate of growth

Businesses differed with respect to their exhibited rate of growth. In terms of effect on the enterprise, growth was evident through the size of investment, change in scale and degree of change in business structure. It was not a one-off event and happened over a period of time that could range from months to years. The idea of incremental growth is introduced in order to distinguish between these different rates of growth. Furthermore, this sub-section finds out that the rate of growth was related to perceived constraints by the interviewees.

Considering the whole sample, 46 businesses did not achieve any growth whereas 37 did to a varying extent. They were almost evenly distributed across the study sites and no particular explanation for this distribution can be offered. Only relatively few (2-3 per study site) were achieving high rates of growth involving large investments in productive assets (often involving the borrowing of financial resources) and through adding diverse types of production or enlarging existing ones. These farmers were characterised by opportunity-driven motivation. They further provided examples that linked higher rates of growth to high aspirations towards self-employment and longer experience in entrepreneurial behaviour. For example, Veselina from the Upland Fringe site and Nesho from the Remote Lowland site had start-ups in both agricultural and non-agricultural businesses. Veselina, in particular, had begun as a retail shop owner twice. These multiple start-ups were not because of failure and then starting again because there was no other alternative, as the research of Brooksbank (2006) suggests. The respondent did it because she changed her place of residence and also started sheep farming.

For the majority, growth involved smaller incremental steps. It was represented by relatively small investments in productive resources or increases in the number of livestock. In the Upland Fringe site (11 cases exhibiting growth), there was an overall trend for investment in small quantities of land and the creation of new cherry plantations. Several income-driven retirees were part of this trend, as well as some of the younger farmers. Growth in the Remote Lowland site (10 cases) was dominated by a relatively large number of young farmers who were committed to sustaining their living in farming. In addition, there were three cases where the farmer was extending the enterprise in order to accommodate a younger member of family. There were similar numbers recording growth in the Remote Upland and Lowland Fringe sites – eight cases each. All of these were working age farmers and most had chosen agriculture as a main activity. Just a few achieved growth in agriculture as a secondary activity and they were beekeepers found in both sites.

Among those that did not achieve growth, some were planning their exit and even exhibited a gradual decrease in scale. For others, farming was a secondary activity and they preferred to maintain their pluriactive status. Some had achieved growth in the past, but not now. Some of these non-growth businesses (2-4 per study site) may achieve growth in the future, even if they did not express any intention to do so. This inference is made according to their past behaviour and business history. If they achieve growth in the future, it will be in a reactive manner and related to changes in external circumstances. These farmers expressed uncertainty about their future in relation to the overall economic environment, and this uncertainty affected their plans and behaviour with long-term implications. The majority of these cases were characterised by income-driven or unemployment-driven motivation.

Further insights into the observed growth rates were provided through an investigation of the attitudes to growth. They were marked by perceived constraints to growth that can be interpreted as assumed limitations by some of the interviewees. Analysis revealed evidence of the presence of a condition (state of mind) where some respondents perceived their business growing only up to a certain scale. Examples were found among both those who achieved and did not achieve growth. Some of them expressed contentment with the scale of their enterprise in the sense that they had created sufficient employment for themselves. Others recognised that their available resources (mostly human resources represented by family members that implemented

functions of control and carrying responsibility) were able to accommodate growth in existing activities and worked towards it. Thus, the presence of perceived constraints was a state of mind associated with reaching a specific business level and having no aspirations to go beyond it. Those who felt that their business had not reached a notional maximum size developed growth towards achieving it but showed no further aims. This is in contrast to McElwee (2005) who suggests that growth is a manifestation of the motivation to go beyond making one's own living. According to this research, for some study participants perceived constraints were related to making a living and they could achieve growth towards this target. For others, perceived constraints were extended beyond just making a living.

6.2.2 Adding different activities as a way of enterprise development

Adding different activities was a form of incremental growth of the existing enterprise rather than creation of a separate enterprise unit. However, the perspective of diversification is useful for understanding the propensity to change a business in general and in agriculture in particular. Furthermore, diversification is a useful framework for evaluating the ability to change among the farmers.

Diversification was implemented at different stages in the development of the enterprise and for different reasons. Varying amounts of effort were dedicated to its implementation which resulted in different changes in business. In this respect, two types of diversification can be identified:

- Diversification related to minor change in business;
- Diversification related to major change in business.

The former can be qualified as relatively easy and required small alterations to the structure of the enterprise. Examples were: apart from milk, offering fattened animals; apart from piglets, rearing fattened pigs; or adding / switching to different types of vegetable. This type of diversification was into an activity that was already known and familiar in terms of production processes and marketing. And it had a very close connection to the already existing activities.

Recognising the diversified status of farmers operating within more than one agricultural sub-sector or combining both farming and non-farming activities was

straightforward. However, a more detailed analysis of the activities of farmers operating in a single agricultural sub-sector revealed that, although they could exhibit periods of monoactivity, undertaking diversification that was related to their main activity was relatively easy in terms of accommodating it within the enterprise. Several examples support this finding. Spas from the Remote Upland site and Naim from the Upland Fringe site were dairy cattle farmers obtaining their revenue mostly from milk. In addition, they could choose to fatten the new born calves and obtain a diverse output in this way. All dairy farmers in the sample had this alternative and most of them have practised it at some point of time. This decision could vary from one year to another and in this sense was dependent on the production cycle. The vegetable growers like Viktor from the Remote Upland site never produced just one type of vegetable but a portfolio which helped them to reduce the risk of an unexpected sharp drop in the price of certain vegetables. In addition, he was using two different production systems – green houses and open fields. For the beekeepers, apart from honey, Ivailo from the Remote Upland site, for example, was also offering propolis and royal jelly, just as Paraskeva from the Lowland Fringe site was offering queen bees.

However, the second type of diversification involved more effort by the owner-manager. It was related to a substantial change in the production and organisational structure of the enterprise. The decision-maker was relatively unfamiliar with the additional activity and it was less related to the already practised activities. Nevertheless, there was no observed diversification into a completely unfamiliar and fundamentally different business activity. For example, for Temel from the Upland Fringe site cherries were new for him but not the local area. It is possible that he was already familiar with cherry production because they were traditionally grown in his place of residence. In addition, he could draw on the experience and example of many other residents of the Upland Fringe site who already behaved in this way. This is contrasted with the example of Kiril from the Lowland Fringe site who implemented a long-term investment in fruit production in a similar manner and of equal scale (0.6 ha was the size of the new plantation in both cases). Temel made the investment in two stages within three years prior to data collection, whereas Kiril did a one-off investment five years prior to data collection. Nevertheless, there are some notable differences between the two cases. The behaviour of Kiril was driven by a purposive search for the best way to utilise a plot of land that he already had. His initial idea was to create a perennial plantation, but he was first investigating the opportunity to plant hazelnuts before switching to Aronia. After

consulting with various people from his social network within a radius of about 100 kilometres, he was given the idea to plant strawberries by a friend who was not from the same study site but who did not live far away. Yet, there was no obvious way of marketing the produce, in contrast to the previous example. In this sense, the diversification undertaken by Kiril required the acquisition and employment of new knowledge to a greater extent than that of Temel.

The above findings are in line with the research of Scase and Goffee (1987) who suggested that small business owner-managers avoid adding diverse activities in areas where they do not feel personally competent. Furthermore, diversification, conceptualised as adding diverse activities to the existing business, implies growth and this is an underlying assumption in many studies (for example, Röling 1988; Brunåker 1993; Carter 1998). However, the present research revealed that having a diversified farm (or diversified business) did not always mean that it was an example of a growing enterprise whose owner-manager was driven by high aspirations. The overview of the enterprises provided in Chapter Five suggests that most of the farmers had diversified businesses either by combining different types of agricultural production or by adding non-agricultural activities. However, only part of these businesses achieved growth and it was mostly incremental. This can be explained through the availability of a diverse resource base as a result of agricultural reform, as well as through traditionally rooted practices within the agricultural sector. Maintenance of diversified farms was traditional for Bulgarian agriculture, both in private and in a collective context (MAF 2005b; Garnevska *et al.* 2006).

6.2.3 Attitude to borrowing

Having established that the rate of growth was related to borrowing behaviour, this subsection analyses attitude to borrowing and its implications for enterprise development and growth. Several key findings emerge from the analysis. First, cultural factors had strong influence on attitudes to borrowing. These cultural influences were often stronger than the motivations for start-up. The motivations had mostly extrinsic character whereas cultural factors represented a contextual level that was closer to the individual. Second, the attitude to borrowing can change or be overruled by that of another involved family member. Third, attitudes to borrowing were in line with incremental

and rapid growth. This relationship was additionally influenced by change in attitudes that could be explained by the age of the farmer and experience with borrowing.

The overall attitude of the farmers towards borrowing money was predominantly negative. A group of study participants expressed a distinctively negative attitude to borrowing in principle, without relating the action to a particular situation or context. The people who would not borrow money in principle comprised a quarter of the whole sample (20 cases). They were from all age groups: some of them have borrowed in the past, others have not; some were characterised by opportunity-driven motives to enter self-employment, others were not. Among those who were negative towards borrowing money in principle, eight stated that they had never borrowed money from any kind of source throughout their lives. Only one of these was in his 30s; the rest were at least 50 years old. This may be a sign that the values of the older study participants towards borrowing financial resources could be very different and may be the main factor explaining their behaviour. These farmers did not feel comfortable owing money, irrespective of whether it was to a bank or a private person.

In our home we have a law, which is since my father's time "we may give, but we aim not to take". We work with what we have. Otherwise, to be indebted to banks or people... (Stoil, the Remote Lowland site)

The opinion of Stoil was shared by several other older study participants from the Upland Fringe and the Lowland Fringe sites. Similar values were passed on to the younger study participants from their parents. The negative attitude towards the borrowing of money may be rooted in a broader social context where such action was perceived as negative and thus people did not like to be associated with it. However, the literature does not offer insights into the issue. Furthermore, the observed negative attitude to borrowing can be explained not only by the feeling of obligation which goes together with the making of the debt, but also through the perceived risk that accompanied the borrowing of the financial resources, as demonstrated by the following quote:

No, till now, I have not taken from anyone even 1 lev (BGN) loan. Since I have become a person, since I am working, I have never taken a loan. I have never taken any, because I consider the returning afterwards... (Krum, the Lowland Fringe site)

Krum was 70 years old and had a farm with 200 sheep and five cows which he ran with the full-time involvement of his son. Reaching this scale was achieved only through re-investing earnings from the farm. He shared the views of the other older farmers that part of the pressure in the feeling of obligation was attributed specifically to the paying back and the risk related to it. Perceived insecurity in relation to returning the loan was demonstrated by other cases from across all study sites. They had enterprises of a smaller scale than Krum and some were part-time occupations contributing to a salary or pension, whereas for others they were full-time occupations. Furthermore, these enterprises did not achieve growth.

For some, the perceived insecurity was related to bank borrowing in particular and could be partially attributed to specifics of the post-socialist context. The behaviour of both banks as lenders and the population as borrowers has been marked by higher risk perceptions and high precautions against failure during the post-socialist period. This can be partly attributed to the cultural specifics of the population and immaturity of the banking system⁵⁰, as well as to the perception of an uncertain, risky and changeable economic environment among the population of the country. It is a direct result of high rates of unemployment, periods of high inflation, the failure of the national banking system (which led to closure of several banks within a short period of time in 1996), and high fluctuations in agricultural output prices on a seasonal and yearly basis. In addition, several study participants were familiar with stories of people who lost their homes to a bank because of an inability to pay back bank loans (and the uncertain economic environment makes it harder for many people to acquire a home).

Negative attitudes towards borrowing did not mean that the study participants would never take credit or have never done so. Moreover, in several cases where the farmer was negative towards borrowing, they also perceived it as risky and they had experience in borrowing out of necessity, not with the aim to invest. In these cases, comments on prospective borrowing were supported by the phrases “*if I need to*” or “*if I have to*”.

I do not want to be indebted to anyone. In case I need something urgently, I am asking some friend for 200, 300, or 500 BGN. They give it to me, and they do not ask me for any collateral. And then I am aiming to pay it back quickly (Emil, the Remote Lowland site).

⁵⁰ Private banking began to take place during the 1990s subject to extensive reforms of the banking system with variable success (Barisitz 2007).

Such cases cannot be expected to initiate proactive borrowing with the aim of investing in the business unless they feel very secure. Borrowing was implemented as a result of some external force of circumstances and the desire to maintain their source of living. Some of these farmers borrowed finance for working capital in order to maintain the activity in the short-run.

The family business nature of the enterprises was related to observed borrowing behaviour. Furthermore, it could interact in an opposite way to the actual attitude to borrowing of the respondent. Opposite points of view towards borrowing were often evident when two generations were doing business together. If the younger generation was accepted as equal and had a view, their opinion could take over – as in the example of Petko from the Upland Fringe site and his sons. The two sons were planning to take a credit to buy a new tractor and Petko was initially against the idea because of the risk associated with it, but later on he softened his opinion although he still had the perceived risk in mind. Marta from the Remote Lowland site provided a similar example where an involved family member changed the attitude to borrowing:

In general I am not such person, whereas my husband is very venturesome. He decided to take the credit, he decided for the other things as well... He is... I am very cautious about such things, especially towards the borrowing of money... But I have got used to it somehow.

In contrast, the attitude of the spouse sometimes had a negative impact on the borrowing behaviour of the decision-maker. In the cases of Kalin from the Remote Upland site and Stanimir from the Upland Fringe site, their wives were against the long-term plans for expansion of the farming activity through borrowing money and investing it in land or equipment. The two farmers were not restricted by a negative attitude to borrowing. Moreover, they recognised it as the way to develop their enterprises. However, these family-related issues resulted in the farmers not developing their agricultural enterprises and finding alternative ways to extend their earnings. For Stanimir, this was the wholesale buying of fruits which he then re-sold. And for Kalin it was to offer services to farmers with a rented combine harvester.

Actual borrowing behaviour was observed predominantly among younger study participants, although examples were available from across all age groups. Nevertheless, younger farmers could share similar negative attitudes in principle towards borrowing

as older farmers; however, they did not appear to be influenced to the same extent. The younger farmers showed a higher propensity to change their attitude towards borrowing. They also demonstrated a higher willingness to develop their enterprises through borrowing. Younger respondents, who exhibited negative attitudes to borrowing, were concerned only about the perceived risk related to it. That was supported by arguments that their known incomes in the household were not sufficient to back up an investment credit of a certain size or that investing in their own business (agriculture in most cases) was risky due to uncertainty of the returns.

However, notable development of the enterprises was achieved mostly through borrowing. This could be from informal sources like family and friends or from formal sources like banks. When they started up and began to increase scale incrementally, they borrowed small amounts from private persons or relied on own financial resources. When they aimed for more rapid growth of the enterprise, they searched for bank credits. Such an example was Kiril from the Lowland Fringe site who first took a credit for renovation of his farm buildings and, after he paid it back, he took another credit for buying land. These experiences were related to the increased confidence of the farmer with respect to borrowing.

6.2.4 The role of EU entry on enterprise development and long-term planning

Two key findings emerge in this sub-section. First, EU accession was identified as having an impact on present decisions, growth aspirations and future plans. Secondly, anticipation of pending EU entry had an impact on the structure and scale of the enterprises. The sub-section reveals how pending entry to the European Union was a key context-specific factor influencing the behaviour of the studied population. For the majority of respondents, changes related to EU accession were perceived as inevitable and were anticipated. However, a major difference between farmers was observed in relation to whether they practised livestock or arable/horticultural farming. Livestock farmers, dairy cattle farmers in particular, recognised direct consequences for their enterprises in terms of restrictions and requirements to a greater extent than those farmers occupied in arable activities. As already pointed out, dairy cattle farming was well distributed across all study sites, so there were no major differences among them in this respect. However, there were differences at the regional level in relation to arable farming and horticultural cases. EU accession did not have the same impact on non-

agricultural activities as it did on agricultural ones, with the exception of milk processing and milk collection that were related to dairy cattle farming.

The farmers and their businesses were affected in three different ways by the pending EU entry. First, it was a stimulus for either taking advantage of or planning adjustment to the new situation. Second, it introduced uncertainty among the farmers who had livestock production in their enterprises. And third, it negatively affected the agricultural enterprises of owner-managers who were initially characterised by low motivation and aspirations for self-employment, and was a reason for them to consider an exit from the sector.

EU accession had a positive influence on the expectations and aspirations of most agricultural producers. This is demonstrated through the quote from Georgi from the Remote Upland site:

(...) as I see it, we are going to enter the European Union, and all these people that are bringing up only 1, 2 or 3 cows, or 5-6 sheep, their produce will not be accepted even on the internal (national) market. They will not buy their produce for the market and everything will remain for home consumption. The people who are bringing up 50-100 animals are obviously making a living from this and attention will be paid.

The opinion of Georgi was shared by livestock farmers across all study sites. This farmer was among those who had chosen self-employment in agriculture and believed that his aspirations and commitment will place him in a favourable position. Accordingly, his behaviour and planning were directed towards achieving such a state of affairs and marked by an on-going incremental growth in his enterprise in terms of the numbers of livestock. Farmers like Georgi were characterised by opportunity-driven motivation. They were more inclined to consider accessing external finance through credit, although very few actually did it. One example was Brigo from the Lowland Fringe site:

(The credit is) for buying livestock and for renovation of buildings... and what else... and for machinery... for mechanisation. This we have included in these 20000 BGN and I think we will manage to get it. And if we get 20000 BGN we will move to a higher level. We will improve the facility. We will buy more livestock and the things will get going... now, under the new circumstances... the entry to the European Union...

In his experience, Brigo already had a relatively large-scale enterprise including cultivation of 220 ha of rented land, running a bakery and rearing some sheep, but he experienced a stroke and the operation was run down. However, it helps to explain the more rapid developmental step that he was undertaking. The above example also demonstrates that some enterprise development activities were not directly related to growth in terms of scale and output. Several other livestock farmers were working on infrastructural adjustments in order to fulfil pending EU requirements. They were improving their existing operation rather than enlarging the scale of their business.

For some respondents, the pending EU accession was related more to the presence of growth aspirations and a positive attitude than to actual behaviour. These were mostly unemployment-driven young and middle age farmers. Examples for the first were the majority of cases of young livestock farmers from the Remote Upland site. Their views were based on general expectations that EU accession would contribute to improving conditions within the agricultural sector. Furthermore, they expected subsidies, access to credits and higher output prices and held a belief that there would be opportunities for development of their agricultural activities.

However, in addition to the above stimuli, pending EU accession introduced greater uncertainty. It affected mostly those who were full-time self-employed in agriculture and reared dairy cattle. Furthermore, it was observed among both those who did and did not achieve growth. The case of Stoyan was an example of the former and Desislava an example of the latter:

We do not undertake anything. We do not undertake to do anything because we don't know what will happen (Stoyan, the Lowland Fringe site).

We are waiting to see what will happen in 2007 with the entry in the European Union, because the requirements on the farmers are too many and there is no transparency on the issue. That is why at present we are still standing at a level that we neither develop the cows nor the sheep. But I suppose that with the sheep we will develop much better, and maybe the cows will remain a little bit in the background (Desislava, the Remote Upland site).

As evident through these two quotes, change in existing regulations and the introduction and enforcement of additional regulations was a source of uncertainty. However, this perceived uncertainty related to EU entry did not always mean a complete abandonment

of long-term planning, as the quote by Desislava further suggests. The increased uncertainty could be explained by the fact that some regulations would have a severe impact on dairy cattle farming because required investment could make it very difficult for some farmers to adjust accordingly and to continue. This situation was a stimulus for implementing diversification or switching to a different type of agricultural production, which was not so restrictively regulated by the legislation. Farmers' attitude to borrowing had a role in the decisions as they were mostly trying to implement change without relying on borrowed financial resources. The most common tendency was to move from dairy cattle farming to sheep farming at a larger scale. A number of farmers who already practised both types of production envisaged the change.

The third effect of pending EU entry influenced some livestock farmers who did not intend to adjust to the changing conditions, did not express aspirations for development and even reported plans to exit. Some of these were farmers of young and middle age. They preferred to pursue other sources of living, as in the case of Aneta from the Remote Upland site who, together with her household members, was more inclined to maintain employee status at the expense of farming. However, without changes in the agricultural sector accompanying the pending EU entry this decision could have been taken later in time. These respondents were characterised by income-driven or unemployment-driven motivation and did not achieve growth throughout their enterprise experience. The enterprise was developed within a scale to create an occupation for the owner-manager or at a part-time scale.

Some of the older farmers expressed similar intentions to discontinue agriculture. An example was Grigori, 62 years old from the Remote Upland site, who said:

(My) farm is with diminishing functions, but it still supports the economy of the family. (...) In the future, the EU is not going to buy the produce from the small-scale farmers. The livestock will be raised in the households only as pets.

EU accession and its accompanying changes were the explicit reasons for Grigori to plan his exit. Nevertheless, he started dairy farming in order to compensate for unemployment in the early 1990s and to provide for his family. Since then his situation had changed as his children had started their own careers and families and were no

longer dependent on him. So, for him the main incentive to maintain the dairy cattle no longer existed.

In comparison to those planning to exit, there were respondents with similar start-up motivation, demographic profile and enterprise scale who exhibited the opposite type of aspirations towards their enterprises. This was because they operated in agricultural sectors that were perceived as favourable within the context of future EU membership. Examples were the small-scale fruit farmers from the Upland Fringe site and the beekeepers from the Remote Upland and the Lowland Fringe sites. Both sectors were perceived as prospective because they were not going to be restricted by production quotas and technical requirements on production. Furthermore, the farmers expected an increase in output prices in relation to increased opportunities in the wider market of the EU. This was supported by incremental growth among most of the eight beekeepers in the sample and some of the fruit farmers. However, it also supported the persistence of the smallest scale part-time enterprises, most of which existed in response to predominantly income-driven motives.

6.3 Engagement with the enterprise

The discussion of employment status in Chapter Five demonstrated that the farmers were involved to different degrees with the enterprises and prioritised differently employment and self-employment. These results are now taken further and related to the start-up motivations and growth achievement and aspirations of the participants. This section examines the perceived role of the enterprise in the life of the farmer as represented by the concept of engagement with the enterprise and how it relates to start-up motivations and the later development of the enterprise. Engagement with the enterprise shows the relative importance of the business in the lives of the owner-managers.

Figure 6.3 demonstrates the key linkages between the different types of motivation and the role of enterprises in the lives of the respondents. Furthermore, it suggests patterns of association of individuals with their resulting business. These are based on their start-up motivations as well as growth achievement and attitudes. The figure does not include farmers who intended to discontinue their activities.

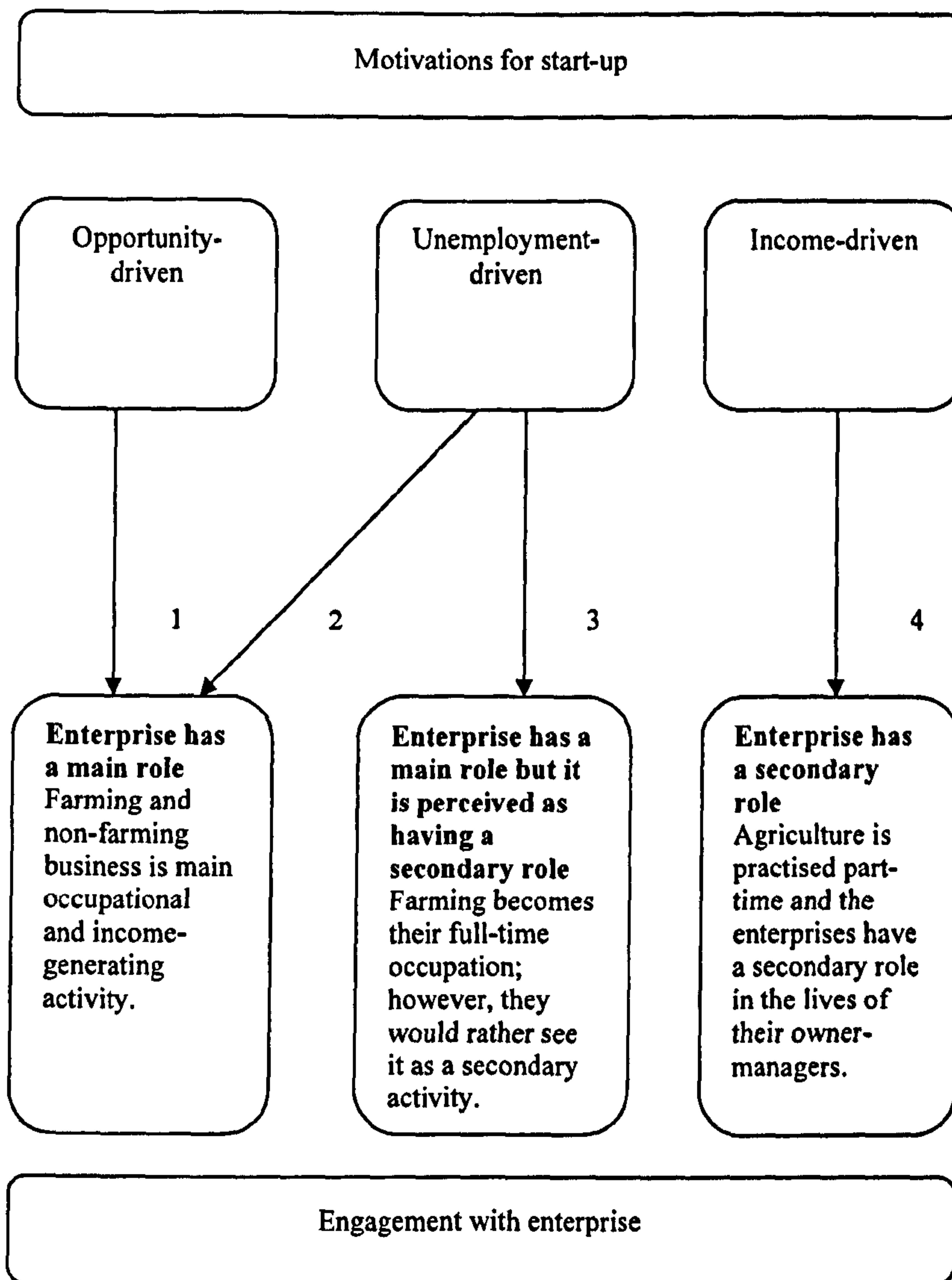


Figure 6.3: Relationship between start-up motivations and engagement with the enterprise

The upper line of three categories in Figure 6.3 corresponds to the diversity of start-up motivations outlined in the first section of this chapter. The lower line of three categories corresponds to the three main types of engagement with the enterprise including the specific situation where farming is the main occupation but respondents perceive it as a secondary one. In Chapter Five, two notably different variations in the role of the enterprise were recognised: first, where it was practised as the full-time main occupation of the farmer; and second, where it was treated as a secondary (subsidiary, auxiliary, subordinate, supporting) activity. However, the analysis of unemployment-driven motivations revealed that some of the respondents were fully occupied in

agriculture and yet did not see their enterprise as a main occupation. This allowed three main types of engagement with the enterprise to emerge instead of the initial two.

Four key relationships emerged between start-up motivations and engagement with the enterprise. The first relationship is observed among those respondents who started up their business as a result of perceiving and exploiting an opportunity and acted towards it as a main activity from the beginning of their self-employment experience. The respondents were either self-employed in agriculture or pluriactive, but they treated the enterprise as a business unit. They were usually registered as agricultural producers. The relationship applied to most of the farmers who had a non-farming unrelated business apart from agriculture. The majority of these farmers implemented development and achieved growth throughout the time of their experience as owner-managers. Furthermore, they provided examples of both rapid and incremental growth.

Relationship two is supported by start-ups that were predominantly motivated by unemployment and resulted in an enterprise that played a major role in the life of the farmer after such an experience. It suggests that although start-up was initially unemployment-driven, perceptions of the enterprise have changed through time and with experience. As a result, participants saw and treated their enterprise as their main occupational and income generating activity. Some of these farmers achieved growth after start-up and all were characterised by aspirations for further development of their enterprises through adjustment because of pending EU accession.

The third relationship represents unemployment-driven start-ups that resulted in a full-time occupation in agriculture. However, these farmers still strongly associated themselves with their lost employee status. They would feel more comfortable as employees than as owner-managers. Furthermore, they did not exhibit any aspirations towards developing their enterprises and maintained a scale to create 'employment' for themselves.

Relationship four demonstrates that start-ups based on income-driven motivation were associated with engagement with the enterprise as a secondary activity in the life of the farmer. It corresponds to those cases of employees and retirees who had access to resources and used them to practise farming and increase their incomes. However, the

enterprise had a secondary role and there was a lack of aspiration for developing it beyond that.

The above analysis has provided some inferences on the growth aspirations of the owner-managers, as well as possible limitations to future growth.

6.4 Summary

This chapter has explored the diversity of start-up motivations characterising the respondents when they first undertook their own business. These were related to the characteristics of the farmers and their enterprises. Development of the enterprises was examined through growth rates and attitudes that were further enriched by insights into borrowing and the role of pending EU accession on enterprise development and growth. Furthermore, this chapter discussed individuals' patterns of engagement with their enterprises. Several key findings can be highlighted as a result of the analysis in this chapter:

- External change (in this case, the start of the post-socialist transition) was recognised by individuals in different ways according to their aspirations towards self-employment. When they aspired to having a business in a particular sector they saw it as an opportunity. When they did not aspire to have their own enterprise, change remained unconsidered unless it directly affected their economic status in a way that required them to take action.
- Motivations changed over time, from not initially being related to the undertaking of self-employment towards more business-oriented ones. This happened as a result of gaining experience as an owner-manager.
- Motivations rooted in business opportunity were related to more business-oriented behaviour. Respondents who started up mainly because of the opportunity to be farmers also recognised farming as a main activity and career. This applied to non-farming businesses as well. It was further supported by the findings on changes in motivation and respective engagement with the enterprise.
- Motivation for start-up of the business was related to engagement with the business. This connection was supported by aspirations and patterns of

development and growth of the business. However, this relationship did not reveal a change in the desire to sustain the enterprise.

- The role of the enterprise in the life of the farmers was supported by relative consistency in their perceptions and aspirations towards it.

Chapter Seven continues by exploring the role of the family in the entrepreneurial behaviour of the respondents and their businesses. It extends the findings on start-up and development of the enterprises by investigating the motivational role of family members. Furthermore, it provides insights into the interrelation of family dynamics and relationships with the owner-manager and the business.

CHAPTER SEVEN

FAMILY AND LABOUR RELATIONS

It has already been suggested that the self-employed activities of many of the farmers had clearly identifiable family roots, both in terms of knowledge and tangible resources. Furthermore, there is a discernible relationship between family members' involvement and the development of enterprises. The purpose of this chapter is to explore this relationship in more detail and to assess the implications of family members' involvement in the start-up and development of activities by the owner-manager. It consists of four main sections. First, it presents an overview of family members' involvement and its implications for the enterprises of interviewees. The second section investigates the motivational role of involved young family members for the development of existing and new undertakings. It also provides insights into the relationships between generations in the family, in the context of the business. The role of family members in labour and partnership relations is the subject of the third and the fourth sections respectively.

7.1 Involvement of family members

Having established earlier that the majority of the encountered enterprises were of a micro- and small-scale and had diverse structures where sometimes different activities were related to family members other than the interviewee, this section provides a more detailed examination of these interactions. It contains two main parts. First, the participation of family members across all enterprises in the sample is examined. Secondly, the interaction between family and enterprise is analysed by looking at changes in the household and how they may or may not lead to changes in the enterprise.

7.1.1 Family participation across the sample

Results indicated that other household members, apart from the study participant, were often involved in the agricultural (and other, where present) activity. Work participation and the decision-making involvement of other family members varied substantially in

their nature and intensity. In the majority of cases, the owner-manager and family/household members were holding decision-making and executive roles. Involvement was mostly by family members from the same household, but it was also possible for non-resident family members to be involved. One initial key finding emerged: the family did not always depend entirely on the enterprise; however, the enterprise often depended on the family.

The involvement of family members in the respondent's undertakings was estimated for each case individually. Their participation was not always related to the long-term future of the activity. Nevertheless, even if it was on a temporary basis, it sometimes contributed to the existence or survival of the business. The decision-maker's household involvement in her/his business activities varied from none to full-time and from contributing with an additional 'pair of hands' to actively participating in decision-making. The presence of involved household members in the business at a general level is presented in Table 7.1.

Table 7.1: Involvement of household members in the business

Research site	Household members taking part in the business		Total
	Yes	No	
The Remote Upland site	15	5	20
The Remote Lowland site	19	1	20
The Upland Fringe site	20	3	23
The Lowland Fringe site	19	1	20
Total	73	10	83

In 73 cases, other household members were involved in the agricultural (and other, where present) economic activity. Within these, 24 non-resident family members were involved in addition to household members.⁵¹ In the 10 cases where no family was involved at the time of interview, most study participants reported involvement of family members in the past. Similarly, within the 49 cases where just household members were involved at present, some reported involvement of non-resident family members in the past. These findings suggest a dynamic situation with respect to family involvement in the business. Furthermore, family members from the same household played a more important role in the enterprises of interviewees than other family members.

⁵¹ The discussion covers examples where different families lived in one household, as well as cases where the different families were from separate households, but the family linkage was a key part to understanding the observed situation.

Farmers' own identification of the business as a family-centred one was mostly associated with the labour involvement of other household members. This finding is illustrated by the two examples below.

Agriculture is something which cannot be done by one person alone so I would say that it is a family business (Nikola, 38 years old, the Remote Lowland site).

Well, I don't have full-time workers. And... additionally... Well, my farm is a family farm. Everyone at home is helping me. I have no problems with these things (Jivko, 56 years old, the Lowland Fringe site).

These examples do not imply that the livelihood of the family depended on the activity. In the first example, the parents of Nikola were running their own grocery store in the Remote Lowland site. In the second example of Jivko, the dairy cattle farming and the running of the milk collection station were the main activities of him and his wife respectively; his daughter and her husband, who were part of the same household, had jobs outside of agriculture. In addition, Jivko's comment could be an exaggeration as members of his household were present at the time of the interview. Nevertheless, he provided further evidence of their involvement throughout the rest of the interview. His statement also suggested that the high level and exclusiveness of family members' involvement provided the foundation of his conception of what a family farm is.

The respondents could easily point out whether or not other household members took part in the business. However, their evaluation of the degree of participation could be either overestimated or underestimated. It should be noted that single male study participants in their 20s or 30s tended to under-report the role of parents in their activities. Evidence of the latter was revealed either indirectly or through additional prompts. Furthermore, in small households (2-5 people), most independent economic activities were directly related to the main decision-maker. And, if a portfolio of activities was revealed, it also was attributed to that same decision-maker. On the other hand, there was a much more complex situation relating to larger households. Different family units within these households sometimes ran their own activities 'separately'. Activities were verbally attributed to different members of the household. An example is Hristo from the Remote Lowland site, (30 years old, household of ten), whose crop farming was a source of fodder for the dairy cattle reared by his parents, who were also part of the same household:

My father started. He was made redundant from his job in 1991 and he bought a tractor. The first tractor was bought by him. And I started to work together with him in the beginning, and afterwards I continued to work alone. Now he is rearing livestock, he is looking after cows for milk, and I am cultivating the land.

When prompted on a possible connection between the two activities, he continued:

Yes. This is how we do it from the beginning. (...) Because we were a lot of people (...) there are a lot of unemployed among us, and they have to work on something...

In such cases, the farmer would typically speak only about his/her own activities indicating, in this way, the difference in terms of decision-maker. But, a more detailed inquiry about the linkages between different activities in the household as a whole may reveal that these were not separated. Furthermore, they often complemented each other in such a way to form a sort of household portfolio because there was a high degree of interconnectedness of activities. In contrast, Kiril, an arable farmer from the Lowland Fringe site, (40 years old, household of five) initially did not connect any of his agricultural activities with his father but, when prompted for the dairy cattle, said:

Everybody, I... my wife... my father.... Mostly he is dealing with them, because he is at home all the time. Although I do not trust him very much, and that is why I go often to supervise him.

Although Kiril explained the recent addition of dairy cattle to his enterprise, with its contribution of incomes during the winter months, it is possible that his father had a role in deciding about the undertaking. This was supported by evidence that the father was mostly occupied with the activity and that he had experience in practising dairy cattle farming as quasi-private agriculture during socialism. Furthermore, the example of Kiril revealed not only the interconnectedness of household activities, but also the presence of tension between stakeholders holding different opinions, maintained by the need of the main decision-maker Kiril to be in control.

7.1.2 Relationship between changes in household and changes in enterprise

This sub-section draws connections between the structure of the business and involved family members. It discusses the implications of involved family members pulling out from participating in the enterprise because of life-related reasons. Two key points emerge from the analysis. First, life-related reasons for withdrawal had a stronger effect in enterprises where involved family members played key roles in their structures. Secondly, withdrawal of involved family members caused substantial change in the enterprises in terms of scale or type of activity. This suggests that, sometimes, previous decisions and actions were possible only because of the involvement of particular household members.

In two main situations, the involved family member withdrew from the enterprise: first, because of life stage; and second, because of health issues. Both are discussed below with examples.

Involved households members were related to a variety of activities undertaken by individual study participants and this had a particular impact on the examination of start-ups of diverse activities, as well as decisions to expand or discontinue activities. In order to understand the relationship between household involvement and the activity/enterprise (type, size), it is useful to follow both household and enterprise dynamics and the enterprise dynamics. An illustrative example was Emil from the Remote Lowland site, depicted in Box 7.1. Emil provided a data-rich case that allowed following the development of the enterprise along the life and career development of the respondent. Furthermore, it accounted for change in the life stages of involved family members and external socio-economic influences. This example demonstrated different types of connection between family dynamics and enterprise development. They were related to change in the scale of enterprise and the type of agricultural production.

Emil represented the middle generation in a household of five consisting of himself, his wife, his parents and his son at school age. A year ago, Emil decided to discontinue his 1.5 ha vegetable production and focus more on arable farming by renting additional land for that purpose. The vegetable production of the household dated back to the early 1980s and was initiated by Emil's parents, but was later taken over and expanded by Emil while his parents were still actively involved and their participation was crucial for the maintenance of the activity. The vegetable farming was labour-intensive and depended heavily on family labour. It was a part-time activity for the parents, who did it in addition to full-time employment; however, it became a full-time activity for him while he was supported by the already retired parents. Household dynamics played a further role as the three children, as they were growing up, took part in the family enterprise as unpaid family workers and his wife was involved part-time as she had held full-time employment from the beginning. The household structure changed when the two elder children went into higher education and depended financially on the study participant but could not take as much part in farming as before. In the next stage of their life, they relieved the study participant from the income burden, but have undertaken non-agricultural employment and moved to an urban residence; as a result they could not take part in Emil's enterprise anymore. Meanwhile, his parents were aging and they also had to withdraw from the labour-intensive vegetable production. As a result, the only household members who remained involved in the vegetable production were Emil and his wife who was still a full-time teacher. In contrast to vegetable farming, arable farming depended entirely on Emil and his agricultural machines. Nevertheless, Emil was searching for opportunities for partnerships with other relatives in order to expand his agriculture.

Box 7.1: Emil, the Remote Lowland site

Apart from these household dynamics, whose impact was stressed by the study participant as influencing his decisions and the changes of his enterprise, other developments of an external character were relevant to understanding the rationale behind the decision to give up vegetable production and focus on arable farming. Emil sold his vegetables mostly to end consumers at open markets. During the 1990s and early 2000s, the open markets in the largest rural town in the vicinity and in the remote urban centre changed their role. The main retail outlets for supplying the residents with vegetables competed with small shops and supermarkets and the way they operated changed in the sense that the access of farmers to the open markets became harder. It is also possible that the overall demand for vegetables decreased as a result of increased home production by either urban residents or their extended rural family during the early years of transition in the 1990s. Emil noted that, as more people became unemployed in the rural town, fewer people were shopping at the open market and it had become harder to sell the same quantities of vegetables each day. The alternative of selling the vegetables wholesale yielded lower revenue than retail at the open market and was less attractive to him.

Another implication of the role of household members on the structure of the business was demonstrated through family health issues. They could affect the structure and scale of economic activities – whether in agriculture or in the non-farm sector. A family-related health issue had a similar effect as the life stage changes in a household; it could lead to change in the structure and/or scale of activities as well as to a decision to change the main occupation of the interviewee. Illness of a family member did not only prevent that member from taking part in the workload, but it also took the time of other family members to look after the disabled one. This could affect the agricultural activity by decreasing the amount of cultivated land or reared livestock, or it could lead to a complete discontinuation of certain activities. Additionally, it could have an impact on the whole production process if, for example, that family member was the only skilful tractor operator in the household. To continue farming in this case, the family had to pay for that service as they could not use the available asset (the tractor). The following two examples illustrate these findings:

I used to have more animals, but I reduced them a little because at some stages, especially in the spring, all the weight is on me. My wife used to help, but this year in May she broke her leg, and she is not getting better. And now, I am most of the time busy with her... (Naim, 63 years old, dairy cattle farmer, the Upland Fringe site)

Nevertheless, Naim was optimistic about his future and planned to rebuild the numbers of livestock as soon as his wife got better. The case of Dancho, revealed a different situation:

And my brother got ill. He got ill, he got into hospital, I remained alone. It was very hard. We sold the pigs... We had three sows, 400 kg each. We sold the pigs, we sold the cows, we decreased the number of the sheep, and now we have 65 sheep (Dancho, 35 years old, sheep farmer, the Remote Upland site).

Dancho was not the main decision-maker before his brother fell ill. He was feeling uneasy in his new role. This was evident from the expressed desire to find employment elsewhere out of agriculture. In his pursuit of employment, the farmer even considered selling what was left and moving to a city.

7.2 Role of young family members

An in-depth analysis of the data showed that what was first recognised as an intergenerational family succession issue was in fact a much more complex relationship between the older and younger generation within a family. On the one hand, the relationship was outlined by the perceptions of the interviewee about the role (if any) of the younger generation in his/her activity. On the other hand, it was related to the attitudes and aspirations of the younger generation towards the activities of the older one. However, this two-way relationship had a one-sided representation in the data – that of the older decision-maker.

This section consists of three main parts. The implications of a lack of interest for long-term commitment of young family members in the enterprises are discussed in the first part. Secondly, the motivational role of young family members for developing existing and undertaking new activities is explored. The third part provides insights into the relationship between two family generations in the context of the enterprise.

7.2.1 Lack of interest from the young generation

This sub-section analyses the role that lack of interest from the young generation for long-term involvement had in the behaviour of the owner-managers and the implications for the enterprises. Two key findings emerge from the analysis. First, lack of interest from the younger generation to take over often had a negative effect on the aspirations for development and growth by farmers who were initially committed to developing their enterprises and had achieved a relatively large scale. Second, the expectations towards young family members were similar among both those for whom their enterprise had a main role and those who maintained/perceived it as a secondary activity. However, lack of interest from the younger generation did not have major implications for the latter.

For some of the enterprises, the future was related to certain expectations by the older generation towards the participation of the younger one. However, if their long-term aspirations were different from the aspirations of the decision-maker about their involvement, this had implications for the long-term orientation of the respondent and affected growth aspirations and achievement. Initially, there were 10 cases where there

was a lack of interest and support from the younger generation for the farming activities of the owner-manager. However, in very few of these was there a specific expectation for the long-term involvement of the younger generation. It affected the growth aspirations of those farmers and their behaviour towards the enterprise:

In this yard, there was nothing here before. I bought the land... All the machinery, all that is here is second hand.... And even I do not have yet everything that is necessary, and some things need to be done yet. Things like buildings... but I am 63 years old already, and it is possible, if ... I have a replacement, to put it this way, but I do not have full guarantee if the replacement will continue the work, because we are elderly people and we cannot... (Naim, dairy cattle farmer, the Upland Fringe site)

The son of Naim was taking part but did not want to inherit the cattle farm and this led to hesitation in the decision-maker about future investment. The farmer did not see his enterprise as something his heirs desired to have. In this sense, it was not useful to them and so further investment in the farm was unlikely. The other farmer in a similar situation expressed his desire to have a successor and its relation to his undertakings in the following way:

And if there is none to take over, then why make an effort (Filip, 58 years old, livestock farmer, the Lowland Fringe site).

These two farmers had a good resource and knowledge base and were among the 'well-known' and 'well-doing' farmers in their rural areas. They both started up as a result of the opportunity to farm privately and developed their enterprises to a relatively large scale. Lack of a successor was not identified as a motive for not undertaking any initiative or for not developing the enterprise. However, they were put off by this fact and their age to undertake *further* development. They implemented some development on their farms because they wanted to remain in the sector, but they did not do it to the same degree as they would if there was a willing family member from the younger generation.

The remaining cases explained the lack of growth aspirations with a lack of involved family members. However, these farmers were not strongly engaged with their enterprises. They run them mostly because of income or unemployment-driven motives. This suggests that lack interest from young family members was a contribution rather than a main reason for their behaviour. Naim and Filip, from the examples above, were

strongly influenced by the lack of interested successor. In contrast, the other respondents indicated that if children were interested, there would have been a different development trajectory of their enterprise. However, the younger generation had no interest in agriculture and their choice was accepted, as demonstrated by the example below:

My children, if they were besides me... But they have other professions (occupations)... I, after all, I am 64 years old. I see no perspective. Especially for the vine planting material, after entering the European Union, the things here will change a lot (Trifon, grapes and vine plans producer, the Lowland Fringe site).

Agricultural producers whose offspring clearly declared a lack of interest in the enterprise were using this as a main reason for not making a major investment in it, as is evident in the following two examples:

We have passed the time that we would be interested to search for loans to create something. (...) because after the years have passed I may have the wish but I do not have the strength. And I cannot. There is none that will take over after my time. Even what I have got already, maybe it will be abandoned (...) The younger people do not undertake it, so that something may get started and keep going and have a good future (Neno, 74 years old, small-scale fruit farmer, the Upland Fringe site).

My husband wanted to buy a tractor, but it is not worth it. We are already at such an age that we cannot. Our sons went to foreign countries. Who can we rely on? And we are trying to make our livelihood in some way. For that (the investment) it needs also young people to take over (Radka, 54 years old, poultry farmer, the Lowland Fringe site).

Although their aspirations were not initially related to succession, Trifon, Neno and Radka also demonstrated the life views of small business owners who would like their efforts to be supported by continuation within the family. This suggests a strong motivational role associated with the young generation in the family, which is explored further in the next sub-section. Despite the lack of interest from their children, they intended to continue their activities while they were able to. Although in most of the examples in this sub-section, younger family members were occasionally taking part in the enterprises, they did not implement key roles within them.

7.2.2 Motivational role of young family members

This sub-section explores and interprets the motivational role that young family members had for the start-up of new enterprises or development of existing activities by the interviewees. Three key points emerged from the analysis. First, young family members joining the enterprise at key positions often did so in relation to changes in scale and type of activities. It was accompanied by growth aspirations and capital investments, represented through either the expansion of existing enterprises or the undertaking of new additional activities regardless of the underlying motivation. Second, the relationship between family involvement and motivation of the owner-manager suggested that certain activities would not have been undertaken if certain family members were not taking part. The third key point was that the motivations for behaviour associated with young family members were in line with those identified for the start-ups across the sample. They were rooted in two main reasons: one was the opportunity and desire to practise a specific type of business; the other one was to help offspring avoid unemployment.

There were 17 cases in the sample from across all study sites where two generations in the family were working together in the agricultural (and non-agricultural where available) enterprises. In all of these cases, the younger generation had joined after the start-up stage of the enterprise. The overall effect from their involvement was to stimulate business activity. However, the analysis revealed differences in the motivations and behaviour of the interviewee towards the enterprise that can be explained through the different motives underlining their actions. Two types of motivation for enterprise development involving the younger generation could be identified. One was focused on the development of the business and the other was related to the provision of a source of living. They are briefly presented below:

1. The respondents with business motivation were driven by the desire to create and/or develop the enterprise, which was joined by the younger family member with a view to taking over in the long-term. They were enterprise-focused in this sense. Their motivation was rooted in the business because they were driven more by the business than by their social needs. Such owner-managers tended to invest and achieve growth. Most of them were originally led by an opportunity-driven motivation for start-up. For

these study participants, the knowledge, skills and aspirations of the younger generation were an integral part of the development of the business.

2. Owner-managers who were driven by the wish to create a source of living for the young family member. With such motives they extended existing or undertook new activities. They were driven by the desire to help and to provide for. Furthermore, they were concerned that their child would not otherwise be able to find employment. Motivation, in this case, was similar to the already discussed motivation for start-up as founded on the experience of job loss. However, in contrast to the interviewees, the young family members had limited employee experience. Usually they were already involved in the enterprises as a helping hand and had tried to find a job unsuccessfully before joining at a key position. These respondents did not prioritise the aspirations of the younger family member or consider whether they were in line with the created source of living.

Examples of both types are now given. Veselina from the Upland Fringe site was driven by her desire to support the dream of her son to have a sheep farm. His dream had become a common one as she and her husband provided strong support and were both highly involved in the undertaking. In order to finance the project, she sold a housing property in the urban centre. Although Veselina and other involved family members had evaluated the opportunity before undertaking any action, personal reasons were the dominating motive that explained her actions.

Another example of an enterprise-developing farmer was Boris from the Upland Fringe site. He also provided evidence that those farmers who aimed to develop the enterprise stimulated by the involved younger generation did care about the attitudes of that individual to the business and about their aspirations towards their future. These respondents exhibited a level of uncertainty. Although the son of Boris was taking part in all of the current activities – the production of fruit trees, the orchards and the vegetable production – he was still not able to completely replace his father. The following example from Boris regarded his production of fruit trees. It was the main item in his portfolio of income sources, but also the most demanding in terms of knowledge and competitiveness:

One has to be in line with all the new chemicals, varieties and everything else. If my son has no wish to do that, I am going to plant orchards and I am going to give up all the rest (Boris, 51 years old, the Upland Fringe site).

Boris did not have full confidence that this would happen and has developed an alternative long-term plan for his business in case the son withdrew. However, his son was actively involved through investing his own financial resources into agricultural land and maintaining specific units of activity while taking part in the enterprise as a whole. This was related to enlarging the scale of activity compared to before when he undertook this role in the enterprise.

Anton from the Lowland Fringe site provided an example of undertaking new activity specifically for the purpose of creating employment for young family member. He explained the reason why he opened a milk collection station in the village:

For the simple reason that my son had no job. There was nothing he could work. He graduated from the Technical University... there was no work here... And until he found a job he used to collect the milk (he used to run the milk collection station).

This quote also suggests that the study participants who aimed to create a source of living for their children did not always consider the aspirations of the younger generation. After Anton's son got a job as an engineer, the farmer took over the milk collection and continued to run it himself. Another example of employment creation was Marta from the Remote Lowland site who explained the reasons why she and her husband start running a small grocery shop in their rural area:

Good or bad, we have done it already, and it is mostly because of my daughter... the one that you saw... because she is married... she has one child... and she is also a pensioner due to disability, she is eye-challenged, and here in Remote Lowland there are only tailoring companies, and she cannot go to sew. (...) And maybe because of that we did it mostly... and because our other daughter is in Sofia, and she will probably not come back here. And she... simply there is nothing that she could work here... That was our main motive.

Both Marta and Anton undertook farming because of unemployment-driven motivation and their consecutive start-ups were in line with this. These interviewees perceived the young family member as "unemployed". Furthermore, some suggested that farming

was the only accessible occupation in the rural area, as illustrated by the comment of a farmer regarding his son:

...there is nothing else that he could do here (Petar, arable farmer, the Remote Lowland site).

These examples are in line with a wider context where the post-socialist transition has affected rural communities by narrowing down employment opportunities in particular and sources of living in general. A large number of the study participants or members of their households had experienced redundancy or loss of employment due to the processes of transition and this, in combination with relatively high rates of unemployment, created widespread concerns among the rural population about sources of living for their children. It was also possible that willingness to undertake a business in order to provide children with a source of living was a characteristic of the Bulgarian population that extended beyond the farming community.⁵²

The data also offered an example of a farmer who benefited from the efforts of his elder relatives to create a source of living for him. This was Encho, a 26 years old sheep farmer from the Remote Upland site (Box 7.2).

When Encho graduated from high school and completed his compulsory army service, he had to find his own means of living. Whether he was able to do that on his own would never be known because his family took care to create it for him. When asked why he was practising sheep farming, Encho said *"I don't know"* and his mother gave a more elaborate explanation:

Because there is nothing else to do. There isn't any other job that he can start here in the village.

His grandfather passed on his stock of sheep and the family as a whole provided their knowledge, experience and unpaid help. The long-term prospects of this sheep farmer were substantiated by his sister who took care of the relevant administrative and bureaucratic issues that would ensure access of the farmer to available policy support.

Box 7.2: Encho, the Remote Upland site

Encho's making of key decisions depended strongly on family members. This puts in question the long-term viability of his enterprise. However, it is possible that through experience he will be able to manage it alone in the future.

⁵² In a similar manner one could lobby through their social network so that their offspring could get access to an employment position.

The case of Encho suggests that the role of the older generation in the enterprises of study participants may have been understated. In most cases of young study participants, there was a clear connection between their enterprises and family-originating resources and experience. However, in other cases of young farmers from across all study sites the involvement of parents was presented in the form of labour rather than decision-making. They cannot be compared with the interviewees who were from the older generation.

7.2.3 Relationships between family generations in the enterprise

Among the cases where the involvement of a younger generation had a direct impact on the actions of the older generation, there were different types of power-based relationships between the two generations with regard to the enterprise. The analysis of these relationships provided two key findings. First, some relationships between parents and children within the business were influenced by patriarchal traditions rooted in a cultural context. Secondly, in other relationships the involvement of young family members had implications for the independence of the decision-maker. On the one hand, when young family members also had a decision-making role, they influenced the course of development of the enterprise to a greater extent. On the other hand, these family relationships were beneficial for the enterprise through facilitating the pulling of resources from both sides and achieving growth.

The interactions between the two generations within the enterprise were sourced in two types of relationships. On the one hand, there was a 'leader – follower' relationship between the elder and the younger generation respectively. On the other hand, the son/daughter was seen as a partner or an ally.

In the majority of cases where two generations were occupied in key roles within the enterprise, there was a 'leader-follower' relationship. This type of relationship was in line with the patriarchal traditions influencing the participants in this research. The final word in decision-making often came from the leader:

We are discussing both with my wife and my son, but as a senior I am taking the decision, but I am asking them as well (Georgi, 45 years old, the Remote Upland site).

Yes, I and my three sons. But for the work I am leading them and they are helping me (Vasil, 57 years old, the Remote Lowland site).

Furthermore, the finance was mostly provided by the leader and the follower did not have an alternative source of income. As a result, in this relationship the younger generation was often perceived as a resource. However, their participation encouraged the owner-manager to plan and implement development, although the young family member made little contribution to the decisions.

In contrast, in the 'partners' type relationship, the younger generation had more influence in the decision-making and development of the enterprise. The two examples of Petko from the Upland Fringe site and Marin from the Remote Upland site illustrate the situation where the decision-maker and the younger member of the family worked together as partners.

In general, the decision is taken from everybody as a common one. Meaning that we get together ... and we decide what is going to be done... (Petko, the Upland Fringe site)

For Petko, each party in the relationship between him and his two sons had an equal status. Nevertheless, Petko preferred running the restaurant and his two sons were keener on running the farming, although they treated the whole portfolio of activities as common to the family. The example of Marin, illustrated in Box 7.3, provided a number of instances where the interviewee emphasised the involvement and input of his son to the decisions about sheep farming.

Two years ago, with my son, we decided to develop the sheep...

(...) we are regularly visiting the (agricultural) fair with my son.

(...) My son wants even to make the sheep 200. If I can I will help him to make it and to create a sort of a family business...

(...) I am already 53 years old, but he is in his full strength 26 years old. And he can go forward, and I can help him with experience and with whatever I can. And we can see how it will work.

(...) I will be very happy to see that he is taking over this activity from me. I cannot become 70 and do all this work, I will be very happy to see that he is walking in my steps, and I am going to support him.

Box 7.3: Marin, the Remote Upland site

The partner-like relationship could involve investment in resources from either side. In the example of Marin, this does not become explicitly clear. Nevertheless, the temporary employment abroad of the son was a source of finance for the development of the sheep farming. However, Brigo from the Lowland Fringe site was an explicit example of such development:

They are helping me with money. All these things are theirs. They bought them. I am already their representative, and as a father I help them and I work. This is the situation.

It was hard to interpret whether Brigo perceived his sons as partners or as followers because for most of his career he was a colonel in the army. As a result, sometimes he was assigning leading roles either to himself or to his sons and at other times he was talking as if they were all equal.

A discernible characteristic for all 'partners'-type relationships was that the younger generation shared both the responsibility and risk of the investment decisions and actions. This was observed both in cases where they participated with their own finance, as the example of Brigo suggests, and in cases where the finance was provided by the older generation. Furthermore, there was an observed low influence of cultural factors on borrowing. The younger generation often was the one borrowing finance. One example was Marta from the Remote Lowland site whose daughter took a loan for the creation of the shop in addition to the loan her parents made. Another example was

Petar from the same site, whose son took a loan to buy a second hand combine harvester after he joined him in the arable farming.

The partner-like relationship revealed an unusual dimension of family businesses. Unlike the situation where the second generation took over an already created organisation, the enterprise was a product of the efforts of both generations. It can be explained through a preference for doing business with family members. Further inferences on this issue are provided in Section 7.4. An alternative explanation could be the low capital endowment of the participants, accompanied by limited opportunities to borrow capital or an unwillingness to borrow. In such cases, combining the limited financial resources of both sides was beneficial.

7.3 Family and outside labour

This section explores another important aspect of family involvement – the provision of labour for the enterprises. It offers insights into the employing behaviour of the farmers and on the importance of family labour for the maintenance and development of the enterprises. The section consists of two main parts. The role of family members in terms of labour provision is the subject of the first part. Secondly, the specific relations with hired outside labour are examined.

7.3.1 Role of family labour

Two key findings emerged from the role of family members as providers of labour to the enterprises. First, the smaller scale enterprises that had a secondary role in the lives of their owner-managers were more dependent on family labour than the larger scale ones. Second, control and responsible roles in running the enterprises were retained within the family and had implications as a perceived constraint to growth. They were related to the scale of enterprise and the number of activities undertaken. Furthermore, this contributed to maintaining the family character of the majority of enterprises. These findings are in line with, and help to further understand earlier findings showing that either the joining or withdrawal of a family member occupying a key position in the enterprise was associated with changes in the structure and type of activities.

Provision of labour was the most common form of family involvement. It was observed with respect to both the farming and non-farming businesses and across all study sites. Furthermore, provision of free family labour was observed both from the younger generation towards the elder one and in the opposite direction, depending upon which generation was the decision-maker. Family labour had two main aspects that were relevant for the enterprises of the participants: first, manual labour; and second, responsibility and control labour.

A large group of interviewees used only family labour in their enterprises (24 cases). Half of these were found in the Remote Upland site, with the other half equally distributed between the Upland Fringe and Lowland Fringe sites; there were no such cases in the Remote Lowland site. This result suggests that hired outside labour in agriculture was used to a lesser extent in the Remote Upland site. Further evidence showed that in this settlement the reciprocal exchange of services between people operating in the same sub-sector was more widely spread than in the other three study sites. This was not related to the lower availability of outside labour and can be attributed to the existing social capital at a community level. However, it was an alternative for farmers who had little opportunity to draw on free family labour.

In each of the two urban fringe sites, nearly a third of the respondents relied entirely on family labour. They represented the smallest scale enterprises. Reciprocal exchange was less common, but still evident:

If we are short in labour, we call friends and they help us. Then we help them when they need, and in this way. Ours is not enough for hiring people (Dimana, the Lowland Fringe site).

Small-scale livestock farmers like Dimana who had covered their regular labour needs through family members relied on outside favours only occasionally. However, in the Upland Fringe site, with the large number of fruit growers, most of the relatively small-scale operations required hiring casual labour during the picking season.

The lack of examples from the Remote Lowland site can be explained by the patterns of farming in this area. The growing of maize was widespread in the area because of the favourable natural conditions and some of the cultivation was undertaken manually by a

large number of casual workers.⁵³ Even Nedyalko, the largest scale farmer in the sample and in the area, hired hundreds of casual workers for a few days each year for this job in particular. However, except for this specific characteristic there were similar patterns with respect to the importance of family labour. One example was a livestock farmer who had an enterprise of a comparable scale to that of Dimana quoted earlier and expressed similar concerns about outside labour:

Under the present condition with this small number (of livestock) the incomes will not be enough both for me and for (hired) workers (Ivan, the Remote Lowland site).

Having established that scale was a key issue for the enterprises relying entirely on family labour, a further investigation revealed that half of the pensioners in the sample (11 out of 22) and nearly half of the respondents holding jobs (8 out of 17) were part of this group. These farmers initially demonstrated low aspirations for their farming activity mainly because it played a secondary role in their lives. The rest were full-time self-employed and agriculture was their main occupation. However, all of the people in this group were characterised by income- or unemployment-driven motivation for start-up. Their growth aspirations usually extended to a point where family manual labour could be exhausted. For some of them, the hiring of outside labour was associated with a perceived constraint, as demonstrated by the example below:

First of all, you cannot find a person who would come and do this job. Even if somebody comes, whoever he is, I cannot trust him that he will do the job (correctly). (...) And to let a stranger on my property... It does not work (Angel, 44 years old, the Remote Upland site).

The opinion of this respondent was expressed in relation to his dairy cattle production, which was his main income generating activity within a diversified enterprise producing cereals and vegetables and providing services with machines. All of these activities were maintained by the farmer with the help of household members only. If Angel persisted in sharing such views, he cannot expect to achieve any growth beyond the labour limits of himself and his household. At present he benefited from having a relatively large household of six. However, he was aware that, in the long-term, labour availability may get reduced to himself and his wife if his children decided to move elsewhere after completing education and if his parents were unable to help. Angel, as

⁵³ A similar farming system was applied to the sunflower, another traditional crop of the Remote Lowland site, although spread to a lesser extent than maize.

well as other farmers sharing his views on the trust and reliability of employees, did not have any previous experience of employing people.

In contrast, participants who worked with hired outside labour were a majority within the sample. However, responsible jobs were never given to hired labour and several study participants stated that they would never do that. In many cases, family members were perceived as the only other people who could be delegated responsibility and control apart from the owner-manager. Hired workers were often perceived as a substitute for a tool and were closely supervised. They implemented mostly manual tasks and were not delegated any responsibility within the enterprise. The following quotes demonstrate the perceptions and limitations associated with outside labour:

These are such people... even if he comes to work he is not doing anything else but to walk the animals to grazing. But this is still helpful for me (Georgi, livestock farmer, the Remote Upland site).

(...) if you tell him 'stay there' he will stay there all day long and will not move at all (Krum, livestock farmer, the Lowland Fringe site).

Furthermore, while developing the enterprises, these farmers aimed to keep the scale within limits that they were able to control. Planning the growth of productive assets was correlated with the responsibility and control capacity of owner-manager and involved family members playing a key role within the enterprise. The following quote reflects how one respondent perceived his role and that of his sons in managing the labour needs of the enlarging farm. The respondent and his two sons were developing the farm together; however, the main work on the daily running of the enterprise was carried out by Brigo as his sons still had full-time jobs:

I have said that I can handle up to 150 sheep. But when they pass the number 150 I cannot deal with them alone anymore, and they, the young ones, must come here. This needs other people.... And when you work with other people they start lying to you.... I cannot control a lot of people and because of that (Brigo, the Lowland Fringe site).

Another example is provided by Desislava from the Remote Upland site who operated the farm together with her husband. She demonstrated that the perceived limit of the current development of their sheep production was related to the scale that she was able to maintain with her husband:

And 100-150 animals, two people can look after them without pressure. Lambing, feeding, everything could be done by two people only.

These findings are comparable with Brunåker (1993) who, in his study on diversification among farm families, found that business size depended on the managerial capacity of the family. Managerial capacity is comparable to the responsibility and control capacity identified in the present research and present findings are in line with this study.

Non-farming activities also provided examples in support of the above results. For example, all three small shops were run just with the manual labour of involved family members. In their case, manual labour overlapped completely with the responsibility and control functions regarding the running of the shops.

7.3.2 Labour relations

The analysis in the previous sub-section provided some suggestions about the role of non-family labour in the enterprises, in terms of trust and reliability. These are further explored through examining the relationships between the participants and outside labour and their implications for the businesses. Two key findings are brought forward as a result of this analysis. First, employees were not as equally trusted as family members. Preference for family members, in this respect, can be explained with the presence of similar interests between the owner-manager and family members that were not shared by outside labour. Second, casual outside labour was important for the running of enterprises across the different regions and sectors; however, it also was a limitation for growth because of a perceived unreliable quality.

The workforce hired by the participants in the present research can be divided into full-time and part-time, where part-time comprised seasonal and casual workers⁵⁴. The casual workforce comprised unemployed rural residents (predominantly individuals from the Roma minority) and elderly retirees in need of income in addition to their state pensions. Both groups represented an unsustainable source of labour in the long-term because the agricultural sector provided only a temporary and partial solution to their income problems. Furthermore, any increase in the standard of living at community and

⁵⁴ Hired for several days to do a specific piece of work.

national level would push up the required wages by these labourers and thus endanger agricultural enterprises that rely heavily on them. Some farmers did not consider this when they planned to achieve growth. They perceived the availability of casual labour as given when they planned the future growth of their agricultural enterprises. This was because there was an oversupply of casual labour, high rates of unemployment and insufficient retirement incomes.

The relationship between enterprise development, hired labour and unemployment is a notable one and needs further elaboration. The presence of high levels of unemployment in rural areas had an impact on the development of agriculture in particular. Certain sub-sectors depended heavily on casual labour, used only for several wage-days per season, for the harvesting of certain crops or other agricultural works (e.g. picking up cherries). Others, like the livestock sector, regularly used full-time workers from the Roma minority⁵⁵ who were not hired with the necessary legal documents and who worked for very low pay. These workers carried out the heaviest unskilled work in the sector. A special employer-employee relationship formed. Observations of such relationship were found across all of the four research sites⁵⁶. The employees were not given tasks that required responsibility and were considered as people who could not be trusted; they were the only ones who would agree to do this job at that level of pay. The lack of trust was justified as respondents described instances where employees left the job without warning immediately after the pay day and returned back to work when the money had run out. It should be noted that these employees were provided with food and accommodation while at work. They compensated for the low level of mechanisation used in the livestock sector and were substitutes for mechanisation, partly because of scale and partly because of investment costs. It is possible that without their availability certain enterprises would not exist in the form and scale observed as the owner-manager would not be able to handle the workload, on the one hand, and the scale would not be sufficient to justify investment in agricultural equipment, on the other hand. The limited opportunities for employment in rural areas favoured these patterns of hiring workers in the agricultural sector.

Labour hiring behaviour differed across the agricultural sectors. More specifically, there was a difference in approach to hired labour between the livestock and land-based types

⁵⁵ All hired workers in the livestock sector were male Roma according to the present data set.

⁵⁶ There were reasons to expect to find it elsewhere in the country as this finding triggered discussions with other researchers on the Bulgarian agricultural sector who shared similar observations.

of production. Livestock production was more evidently related to the constraints of outside labour as the following example demonstrates:

We can enlarge it... but there are not people to hire... you cannot hire anyone... you hire him, but he... he is supposed to keep the sheep away from the wheat and they go through the wheat.... But he has a big mouth 'it was like this, it was like that'. But what to do. You feed him, because there is none else (Krum, the Lowland Fringe site).

Some of the livestock farmers hired one full-time worker and this freed up part of their time that could be dedicated to other things. They were among the medium to large-scale farms in the present sample and typically had other full-time family members apart from the main decision-maker. These farmers were exposed to a perceived risk that the worker could quit at any time because of the already described characteristics and then they had to be able to cover for him as illustrated by the quote:

During the summer I hire one to take them out to grazing and he is casual... He may decide at any time to disappear... he is free... he may go to get drunk... and in such case I have to immediately replace him (Naim, the Upland Fringe site).

Nevertheless, most of the larger-scale and some of the medium-scale livestock farmers in the sample worked with 2-4 hired full-time workers. The help and involvement of family members could not cover the day-to-day labour needs of these larger enterprises. Some of these farmers shared negative views towards potential employees in the sector that were similar to those expressed by farmers who never hired employees. Nevertheless, they expressed more specific opinions related to their actual experience, as in the following example:

If gypsies (Roma) are looking after your animals then the production (output) worsens (Filip, the Lowland Fringe site).

Within the land-based types of production, there were similar constraints. However, these activities typically depended more on hired casual and seasonal labour than on hired full-time labour and, as a result, all major production processes could be fully controlled by the study participant and trusted family members. Hiring full-time permanent workers was observed only in the cases of the large-scale arable farmer, Nedyalko, from the Remote Lowland site, who had an incentive to keep his trained and experienced agricultural machinery operators all year round, and the two large-scale

vegetable growers, Viktor and Ognian, from the Remote Upland site, who had greenhouse production of vegetables that required full-time workers.

As a result, growth in land-based activities was either restricted or related to family labour. But hiring a full-time employee was still an issue in this sense. Boris from the Upland Fringe site illustrated this finding. He hired the majority of labour during the summer and this coincided with a period of time when his son was not busy with university education and was able to manage the casual workers.

7.4 Family and non-family business partners

This section analyses examples of business partnerships and experiences in a family context and their implications for both the owner-managers and the enterprises. Three key points emerge as a result of the analysis. First, the farmers preferred to undertake family-based partnerships where family-rooted relationships between people provided the necessary level of trust for the formation of business relationships. However, this interaction was generally associated with activities of a smaller scale. Second, partnerships and experiences showed a stronger issue of trust and risk than the labour relations discussed in the previous section. This was associated with the stronger role of family-based relationships in business partnerships. However, in contrast to labour relations, family involvement often did not result in family businesses because the decision-makers retained relative independence. And third, partnerships between non-relatives were more significant for the businesses because they were long-term oriented, facilitated growth and were associated with larger scale enterprises. They were achieved by respondents with longer business experience and higher growth aspirations.

Some interviewees developed their enterprises through cooperating with other individuals and the partners were more often related by family than otherwise. Partnerships, from the point of view of the owner-managers, were understood and founded on family distinction. They could be between themselves and non-family members, between siblings or between family connections like nephew-uncle. Participation of a spouse, a child or a parent was not perceived as a partnership but rather as a family business. This suggests identifying a difference in the ways various types of family members were perceived with respect to the business. If a relative was attributed with a 'close' or 'distant' relationship to the core family, this person had a

'close' or 'distant' relationship to the business. Veso (40-year-old, 30 dairy cows, the Remote Lowland site) provided an example for both types of connections and their nuances:

My father is, separately from me, (registered as) an agricultural producer. (...) We share the same cowshed. Part of the cows are his and part are mine but in general they are kept together in the same place. The same workers are taking care of them... We feed them together... I cannot milk them. He does... (...) The cowshed next to mine belongs to my brother-in-law. He is also rearing livestock. He has the same number of animals. We are sort of partners with him. And the vet who was here a while ago; he is our vet.

In this example, co-ownership was present just between Veso and his father, but cooperating with the brother-in-law allowed achieving further economies of scale. However, in contrast to Veso, most of the family-based partnerships were not based on expertise and complementarities, but on higher trust between family members. The following example by the fattened ducks producer, Radka from the Lowland Fringe site, illustrates the considerations associated with non-family members:

The person who was offering us; his building is twice as big as ours. I preferred that we rented it from him, and we offered him that. But he said that he wanted to participate and have a share, and I refused. This is a very delicate thing, because these foddors, they are very expensive, and to have an outsider as a partner, even if we trust each other... At present in Bulgaria it is very hard to trust an outsider. And we prefer to work only within the family. We may earn less, but to be clear.

Furthermore, Radka reported recently buying some agricultural land which she and her husband planned to use for the production of vegetables from the next year. They intended to do it in a partnership with the husband's brother. In such a case, they depended less on their partner; the partnership was of a smaller scale and, in addition, the two brothers had experience in cooperating in the past.

Most other examples of partnerships were between relatives and were short-term where the risk of co-ownership of resources was avoided. Many of these were specific to the agricultural sector as they involved partnering up for one production cycle (within one year) for a specific type of production. Some of these one-year partnerships could perpetuate for many years in a row as in the examples of Grigori from the Remote Upland site and Simeon from the Remote Lowland site. Each of these farmers was working in partnership with a brother to grow cereals on inherited land. However, some

of the one-year partnerships were just one-off examples. They were associated with a negative attitude that was based on a negative experience, as in these two examples:

The argument on who is doing more work in the partnership always arises sooner or later (Gancho, the Upland Fringe site).

After this I thought that it was not possible to work like this, no more partnership. The best is when a person is doing everything on his own. When a person is on his own, he is deciding for himself (Angel, the Remote Upland site).

The two examples were not the only illustrative ones in the sample for this situation. The partnership experiences of Gancho and Angel were short-term (covering one production cycle) and less engaging for the involved parties who shared only production costs and labour. The views of the two farmers were similar and led to the understanding that the division of labour and the free riding could affect the partnership and the overall attitude towards this practice. In addition, several respondents supported their negative attitude with the experience of collective farming during socialism. They associated it with the lack of clarity over property ownership and the responsibility related to it.

However, in one case, that of Boris from the Upland Fringe site, his overall negative attitude to business partnerships was accompanied by extensive experience and did not result in the avoidance of such undertakings and was not restricted by a preference for cooperation with just family members. This case stood out as one of the richest as the study participant provided examples of pursuing a diversity of partnership-based undertakings throughout his owner-manager's experience and employing a diversity of ways of developing them. Boris had previous experience in short-term partnerships for various types of agricultural production within one calendar year (e.g. vegetables, cereals). He practised them regularly both with family and non-family members. In addition, he had plans for long-term partnerships involving the creation of fruit orchards. The latter were riskier than partnerships on a yearly basis, but they would allow him to achieve growth without borrowing money. However, at this stage they were just ideas and Boris pointed out that there were no suitable partners at the time of interview. He demonstrated a strong interest in developing his business and expressed awareness of the partnership as a way of exploiting more opportunities and achieving growth. Furthermore, this encouraged him to work on creating trustful relationships.

The four largest scale partnerships in the sample extended further the findings from Boris' example. They were created at a later stage of the interviewees' self-employed experience. This may indicate that they had considered various opportunities for growth before deciding to enter a partnership. Furthermore, these were partnerships between the interviewee and a non-relative, and included co-ownership. Roumen and Filip from the Lowland Fringe site were partners and complementary in terms of resources which allowed them to cultivate more land at a lower cost. Viktor from the Remote Upland site and Nesho from the Remote Lowland site were driven by more explicit business interests. Nesho cooperated with other people to set up a cattle farm in addition to his milk processing, whereas Viktor acquired two business associates in order to expand his vegetable production.

7.5 Summary

This chapter has examined the role of family members in the start-up and development of the businesses. On the one hand, they were analysed from a motivational perspective – as providing reasons for behaviour. On the other hand, they were considered from an enterprise developmental perspective – as factors for change in the scale and structure of the enterprise; as factors for the maintenance of the enterprise; and as preferred to non-family members to take part in the business by implementing labour and decision-making roles.

The following key points emerged from Chapter Seven:

- A family's interaction with the business was normally embedded in a cultural and traditional context. It was associated with the overall small scale of the enterprise and the transfer of family relations into the business.
- Involved family members contributed to respondents' entrepreneurial behaviour as stimuli and inhibitors for start-up and development. They played an important role in four key areas: motivation, decision-making, long-term orientation and trust.
- The effects of family members' involvement in the businesses were represented by a change in the scale and type of activities. Furthermore, the patterns of family involvement were similar across businesses of different scales and types.

- In evaluating family involvement, for some enterprises it meant the maintenance of the business and for others it facilitated growth. On the one hand, the family had a more exclusive involvement in the establishment and running of enterprises that were of a relatively small scale and/or created to compensate for unemployment or low incomes. It facilitated their survival. On the other hand, it facilitated the development of opportunity-oriented businesses where family members were highly engaged in key positions. However, it also introduced a limitation to growth in the form of a perceived constraint.

This research continues with Chapter Eight which evaluates the key points from the three analysis chapters and provides some overall conclusions. It assesses the findings in relation to the reviewed literature, the conceptual foundations of the thesis and its aim and objectives. It also identifies key limitations of the research and suggests directions for future research.

CHAPTER EIGHT

EVALUATION AND CONCLUSIONS

This chapter consists of two main sections. The first section evaluates and discusses the key findings in relation to both the aim and objectives of the research and the academic context of previous research. It also highlights emergent conceptual issues that were not considered in the initial conceptual framework developed for the research. The second section elaborates on the methodological limitations of the current research and suggests directions for future research.

8.1 Evaluation of key research findings

This section consists of three main parts. First, the key results are discussed in terms of satisfying the initial aim and objectives of the research. Secondly, they are compared with outcomes from previous research. The emergent conceptual issues are discussed in the third part.

8.1.1 Key findings in relation to the aim and objectives

In this sub-section, the key findings from the overview of the owner-managers and their businesses, the analysis of the start-up and development of the businesses, and family relations are summarised and discussed in relation to the initial aim and objectives. Established in Chapter One, the aim of this research was 'to explore patterns of enterprise creation and development among owner-managers of small-scale agricultural enterprises in Bulgaria with a view to gaining a richer understanding of the origin and development of small-businesses in a post-socialist context'. In order to satisfy this aim, four objectives were outlined.

The first objective set out to identify patterns of enterprise start-up and development. Two emerging patterns of engagement with the agricultural enterprises were found: first, where the agricultural enterprise had a secondary role and the farmers preferred employee status; and secondly, where the agricultural enterprise was the main focus

with a commitment to its maintenance and development. These reflect the perspective of the individual owner-manager in relation to the enterprise. They were supported through the analysis of start-up motivations and enterprise development which revealed specific connections between the types of start-up motivation and growth aspirations and achievement. The enterprises undertaken by study participants were influenced by available knowledge, previous experience and available tangible resources. Furthermore, the patterns of engagement with the agricultural and non-agricultural activities were similar. This suggests that these results may have wider relevance to small rural businesses or small businesses in general. The regional context was not directly associated with these patterns. However, it was related to the type and structure of the agricultural enterprises through land resources and traditional knowledge. What many of the respondents did with their current enterprises had their roots in pre-transition times.

These patterns were further supported by income strategies and the level of formalisation of the business. On the one hand, most people who saw their agricultural enterprises as the main activity were motivated to maintain the respective legislative status. On the other hand, the size of the businesses, together with incomes from other jobs or pensions, provided an indication of the significance of the business in the life of the respondent. The prevalence of employee incomes and a preference for such, represented by behaviour and aspirations in relation to having a job, was characteristic for people who saw their enterprises as a secondary activity. Furthermore, most interviewees maintained a diverse income structure, both at individual and household levels. The aim was to obtain a diverse and regular income. It was represented by different sources of income, on the one hand, and a range of activities within the business, on the other hand.

The two patterns do not sufficiently reflect the presence of necessity. This was demonstrated by the identification of a 'medium' type of engagement with the agricultural enterprises where the interviewee was fully occupied with them but perceived it as a secondary activity. Furthermore, necessity on its own was not a sufficient indication of differences in entrepreneurial behaviour. The aspirations of the entrepreneur also needed to be taken into account and these could change.

In relation to the second objective, which explored and interpreted the key motivations associated with enterprise start-up, it was found that start-up motivations were rooted in the post-socialist context of the research. This reflected the situational character of entrepreneurial behaviour. Multiple motivational factors influenced start-up behaviour, revealing a complex situation. Furthermore, it was found that external change (in this case, the start of the post-socialist transition) was recognised by individuals in different ways according to their aspirations towards self-employment. When they aspired to having a business in a particular sector, they saw it as an opportunity. When they did not aspire to have their own enterprise, external change was rarely considered unless it directly affected their economic status in a way that required them to take action. This was supported by the patterns of acquiring and utilising tangible resources.

Many participants undertook agriculture for predominantly negative reasons – unemployment, necessity for additional income sources and a perception of ‘having no other alternative’. However, motivations rooted in business opportunity and thus associated with positive reasons were of the highest importance for entrepreneurship because they were related to more business-oriented behaviour. Respondents who started up mainly because of the opportunity to be farmers also recognised farming as a main activity and career. This applied to non-farming businesses as well. Furthermore, opportunity-driven motivation led to larger enterprises. If created during the later years of the post-socialist transition, they were based on newly acquired knowledge rather than previous experience. Thus the findings also suggest that start-ups in the later years of the transition were less influenced by the post-socialist context. The motivations for start-up were not related to the regional context because there were so few differences across the study regions.

Start-up motivations were useful for understanding the consecutive development of the enterprises; however, they could also change over time. Motivations sometimes changed, from not initially being related to the undertaking of self-employment towards more business-oriented ones. This happened as a result of gaining experience as an owner-manager. Motivations could also change for family reasons. A person, characterised by opportunity-driven motivation and start-up, could be negatively influenced by lack of a successor at a later stage.

The third objective related to the role of the owner-managers in patterns of enterprise development. This was satisfied by examining the meaning of self-employment to the respondents throughout their experience as owner-managers and how this related to the development of the enterprises. The findings revealed that farmers differed with regard to their orientation towards self-employment. The latter was related to socio-demographic characteristics (age in particular), background experiences, more recent business experiences and the motivations for start-up. Some young farmers tended to be oriented more towards self-employment and adoption of the role of owner-manager. This was further supported by a difference in their start-up motivations that was related to their limited previous experience as employees. Furthermore, it was strengthened by evidence of lower risk perceptions with respect to borrowing.

A stronger orientation towards self-employment was also often related to previous occupational experience, especially aspects that were related to business knowledge. Quasi-private agriculture provided some experience of an independent owner-manager for those individuals who practised it. Another source was managerial experience through employment. Such business knowledge was often supported by higher growth aspirations and achievement, and a larger scale of business. This suggests that the acquisition of business skills (as a knowledge context) had a more significant impact on entrepreneurial behaviour than technical and traditional knowledge. However, the post-socialist context often provided experience that was associated with limited business knowledge. The rural lifestyle (of which quasi-private agriculture was part) was strongly associated with the practice of agriculture, but it provided mostly technical and traditional knowledge.

A weaker orientation towards self-employment was normally associated with respondents who preferred to earn their living as employees or who practised agriculture as a secondary activity to support their income. They achieved less with respect to the development of their enterprises. Furthermore, they were risk averse and had low aspirations for growth. Experience of owner-management did not lead to a change in the views of those who persistently desired to be employees. Enterprise (both agricultural and non-agricultural) was seen as a substitute for employment. However, this was not always the case for those who exhibited a change in motivation, from initially unemployment-driven to a more business-oriented one.

The findings in relation to self-employment orientation did not differ significantly between the different study regions. However, local features in one of the study sites contributed to enterprise development without being related to a self-employment orientation. Favourable local conditions for fruit farming in the Upland Fringe site, together with a perception that there was a strong market for the produce, stimulated investment among a significant number of respondents there. Many of these did not associate themselves with a self-employment role. Their behaviour was part of a common trend in the area.

In relation to the fourth objective, which examined the role of the family in enterprise start-up and development, it was found that family members often played a significant role in the businesses of most respondents. Indeed, the family often provided one of two main roles: For some enterprises, it meant the maintenance of the business; for others, it facilitated growth. On the one hand, the family had a more exclusive involvement in the establishment and running of relatively small enterprises that were created to compensate for unemployment or low incomes. It facilitated their survival. Family members were a source of productive resources and/or labour; they helped to reduce costs and increase the viability of the enterprises. On the other hand, family involvement sometimes facilitated the development of opportunity-oriented businesses where family members were highly engaged in key roles. When this was in relation to joining young family members, they often provided reasons for the start-up of new activities or development of existing ones.

As a whole, family members were preferred to hired labour for occupying key positions or tasks that required responsibility. This revealed issues of trust that were stronger than issues of cost reduction. However, for some it also introduced a limitation to growth in the form of a perceived constraint where any further development of the enterprise was restricted to a scale that the owner-manager and family members felt able to control. Another consequence was that withdrawal of family members often had a negative effect on the scale and could lead to change in the type of business activities.

These results suggest that the involvement of family members in the business could be both a strength and a weakness. Furthermore, a family's interaction with the business was often characterised by embeddedness in a particular cultural and traditional context. The significance of family involvement was related to the overall small scale of the

enterprises in the sample. The latter was associated with low levels of sophistication in terms of enterprise structure, where management and control remained very close to the entrepreneur (Freel 1999).

8.1.2 Research findings in relation to previous research

This sub-section discusses the main findings in relation to three key areas of previous research that helped to set the academic context for this research. These refer to the post-socialist agricultural transition, entrepreneurship in the context of small business, and family farms and family businesses respectively and are analysed separately.

The post-socialist agricultural transition

This research adds to the literature on the post-socialist agricultural transition by gaining more understanding into why people, and farmers in Bulgaria in particular, undertake their own businesses. The findings help to enrich contextual knowledge on the entrepreneurial behaviour of Bulgarian farmers and can be used as a foundation for further studies. Entrepreneurial behaviour has not previously been examined in an in-depth way with respect to agricultural producers in this country. In this sense, the research findings add to those from previous studies on entrepreneurship in Bulgaria. This research suggests that farmers and their enterprises are still contextually related to the socialist period and the early years following the transition. However, the initial research interest in post-socialist changes started to diminish and was gradually replaced by interest in issues related to EU accession and how these would impact on the agricultural sector.

Earlier studies suggested that post-socialist rural entrepreneurship was related to experience in the private sector under socialism and this research supports such a view (Koleva 2001; Momsen and Szorenyi 2002). Furthermore, they found that during the years of the transition the influence of these experiences began to diminish and was replaced by external factors. However, this research suggests that, for some of the individuals who engaged with their business as a main activity, their current entrepreneurial behaviour was related to past business experience gained during the post-socialist transition. Thus entrepreneurial behaviour during the more recent years of the post-socialist period may still be influenced by experience gained during the earlier

years of transition. The available literature has little to offer on the issue; for example, work by Manev *et al.* (2005) and Manolova *et al.* (2007) elaborated on the role of previous experience by relating it quantitatively to both performance and growth expectancy. They found that previous domain-related experience was important for growth expectancy but not for performance. However, the two studies did not reveal much detail on the origin of this experience.

Previous research has accounted for the large number of start-ups in the agricultural sector at the beginning of post-socialist transition (Kopeva *et al.* 2003). Furthermore, it has linked this to the loss of sources of living attributed to this specific historical period. The current research has revealed a diversity of individual perspectives on this experience. The loss of sources of income and the opening up of new opportunities were perceived by people in different ways. These, in turn, were related to a diversity of motivations for starting-up their own businesses. Such a perspective on the motivation of farmers is missing from previous literature on the post-socialist transition. Anthropological and sociological studies have elaborated on how people in Bulgaria experienced post-socialist changes in relation to their everyday life (Creed 1998; Giordano and Kostova 2000a; Kaneff 2002). However, they never really examined entrepreneurial motivation. Other sociological studies offer insights into personal motivations for the start-up of private farming based on interpretations of personal goals and self-actualisation (Small 2005a). Economic studies have tended not to consider personal views and experiences in the start-up motivations of agricultural producers (Malamova 2000; Kopeva *et al.* 2003). Rather, they interpret start-up through quantifiable factors like incomes.

Research on the post-socialist agricultural transition acknowledges the importance of credit for business development and discusses issues of its accessibility in this specific context (Swinnen and Gow 1999; Bezemer 2002b). Furthermore, a study by Manolova *et al.* (2006) investigated determinants of external finance borrowing and gender differences with respect to borrowing among business owners in Bulgaria. However, this research has revealed some additional issues. First, cultural values, often transferred across generations within the family, impeded borrowing in general and without any specific consideration of enterprise development. Second, there was an issue with risk perception. Bezemer (2002b) identified risk as sourced in policy changes during the transition. Yet, the current empirical findings suggest that risk is a combination of

perceived market uncertainty (which can be attributed to policy changes) and perceived personal risk associated with the loss of collateral – which represented a large share of the owned assets of interviewees.

This research did not find evidence of a notable role for social and business networks in the entrepreneurial behaviour of Bulgarian farmers. On the one hand, there was limited participation in formal business networks. This result is in line with an earlier study by Mishev (2003) who, drawing on macro-level analysis of aggregated data, reported low levels of participation in vocational organisations. On the other hand, informal social networks had a stronger role in entrepreneurship than formal ones. However, they were represented mostly by family connections rather than friends, acquaintances and colleagues. Thus this environmental element did not come out as important at this exploratory stage of the research.

Entrepreneurship and small business

This research can be criticised for not making a specific contribution to theoretical development in the entrepreneurship field. This relates to the adopted broad understanding of entrepreneurship as the start-up and development of one's own business. However, a consideration of post-socialist agricultural producers is a valuable addition to the entrepreneurship literature because it offers a piece of research from a different and little explored context. Indeed, findings from this research are in line with authors who argue in favour of a contextual and interactive perspective on entrepreneurship (Low and MacMillan 1988; Gartner 1989). Furthermore, they support the view that entrepreneurship is situational (Brockhaus and Horwitz 1986; Steyaert 1997; Delmar 2006).

Drawing on the emerging patterns of engagement with agricultural enterprises, entrepreneurial behaviour can be understood as a continuum where the two extremes are sufficiently defined to illustrate people's behaviour with respect to business start-up and development. However, rather than classifying individuals strictly into one group or another, one needs to acknowledge that their position on the continuum is related to a diversity of interactions which they experience in a complex way. Therefore, their position can be at a varying distance from either of the two ends. Furthermore, they can move either way along the continuum as and if the meaning of their business changes

for them. These dynamics are too complex to be captured within one piece of research. Thus entrepreneurs can be only tentatively associated with one of the two extremes. Nevertheless, the emerging patterns of engagement with agricultural enterprises can be developed further as ideal types which can then be compared with a narrower definition of entrepreneurship.

A critique arising from this research on entrepreneurship in agriculture is that the terms 'entrepreneurship' and 'entrepreneur' need to be used with caution in order to avoid the introduction of biases. There is an issue over dividing people into entrepreneurs and non-entrepreneurs based on personality, extreme behaviour assumptions and high growth biases. This research argues that 'entrepreneurial' is a useful label for behaviour but not for people. It reflects a degree of connection between the person and the business. Indeed, some behaviour can be qualified as being more entrepreneurial than other. This was supported in the current research by the characteristics of the resulting businesses. However, this distinction is situational and cannot easily be extended to other countries or economic sectors that have not been examined in this research. Furthermore, the distinction cannot easily be transferred as a label to people.

Family businesses and family farms

This research on Bulgarian farmers' agricultural and non-agricultural enterprises had much in common with previous research on family farms and family businesses. However, some issues were not revealed sufficiently because of the focus on the individual as a unit of data collection and analysis (discussed further in Section 8.2). Exploratory research on the family aspect of both agricultural and non-agricultural businesses in Bulgaria has been limited, especially within the context of entrepreneurship. Some insights were provided in earlier research by Small (2005a and b) who drew connections between family issues in post-socialist agriculture and family farming in the more extensively developed Western agricultural literature. Her findings relate to two main areas: succession and access to resources. Furthermore, Creed (1998) found that the structure and size of agricultural activities were influenced by the life cycle of the family in his anthropological research in one Bulgarian rural town.

The current research revealed a rich picture of family interactions in the different enterprises. It was in line with previous research on family farms and family businesses in four key areas:

- Family relations being transferred into the business;
- Family members implementing key roles (carrying responsibility and decision-making);
- Succession expectations;
- Connection between changes in the family (structural, life stage) and changes in the enterprise (structure, size).

Furthermore, researchers on family farms have stressed the dependence of the household on the farm for income (Gasson and Errington, 1993). However, this research has shown that many businesses depended more on the family for maintenance than the family on the business for making a living. This was supported by findings on both the importance of family labour for the relatively small scale enterprises and the importance of family members for implementing key responsible roles in the relatively large scale enterprises. The results can be attributed to the larger degree of diversification of incomes at the household level among Bulgarian farmers in comparison to Western family farms.

Findings on family aspects were also intertwined with Bulgarian cultural specifics. Among the cultural factors, patriarchal traditions were widespread within family relations and were also transferred into the businesses. However, an owner-manager sharing decision-making with a younger family member changed the route of development of the enterprise. This was a break from traditional family relationships where the head of the household was the only decision-maker and had a positive influence on the businesses. In addition to the findings from previous research on access to productive resources, the family was a source of knowledge that supported the undertaking of agriculture. This was important for young individuals with limited previous occupational experience in the activity they were undertaking. Furthermore, the findings on succession expectations in this research suggested that these were influenced more by cultural than business reasons.

8.1.3 Emerging conceptual issues

The analysis of empirical data brought out findings that were not considered within the initial conceptual framework. Four emerging issues are discussed below, with suggestions for how these can be considered in future work.

One emerging issue in relation to the person-dimension of the conceptual framework was how patterns related to previous occupational experiences of the respondents. This research considered motivation as the key concept for gaining an understanding of business start-ups. However, empirical results revealed that experience relating to the acquisition of business knowledge and skills was sometimes significant as it contributed to observed changes in the motivations of some participants. In addition, experience was often a main source of knowledge – whether personal or transferred through cultural means. It thus provided a valuable interpretation of the connection between individuals and their businesses. Experience brings a human capital perspective into the research on entrepreneurial behaviour and reflects the development of business knowledge and capability (Becker 1993). Furthermore, personal capability is important in an environment that offers limited possibilities and stimuli for human capital development.

Another emerging issue was associated with the concepts of risk and trust. They were found to be relevant to the maintenance and development of the enterprises and were revealed in two different ways. On the one hand, the issues of risk and trust were revealed through the interaction of family relations with the enterprise and were closely related to the small scale nature of the businesses. The analysis demonstrated that family labour meant more than convenience and lower costs. Also risk and trust were strongly associated with the control of the enterprise by the owner-manager. On the other hand, risk emerged in relation to the development of the business and was related to the economic environment of the respondents. To some extent, it was useful for understanding the diverse structure of the enterprises which was maintained partly because of a perceived risk in unstable market prices. Risk was also strongly associated with the borrowing of financial resources. These two aspects suggest a complex role for the concept of risk in the current research. However, its initial consideration within the person-enterprise-family interaction was limited, even though it can enrich understanding of the meaning of entrepreneurial behaviour for the individual.

Thirdly, the developed conceptual framework was static because a temporal dimension was not specifically incorporated into the process of business creation and development. The enterprise life cycle was of limited use in capturing with sufficient depth the influence of the developing business on the owner-manager and the change in perceptions and aspirations as a result of it. The continuous interaction between owner-manager and business, illustrated by Figure 8.1, is a potential solution to this issue.

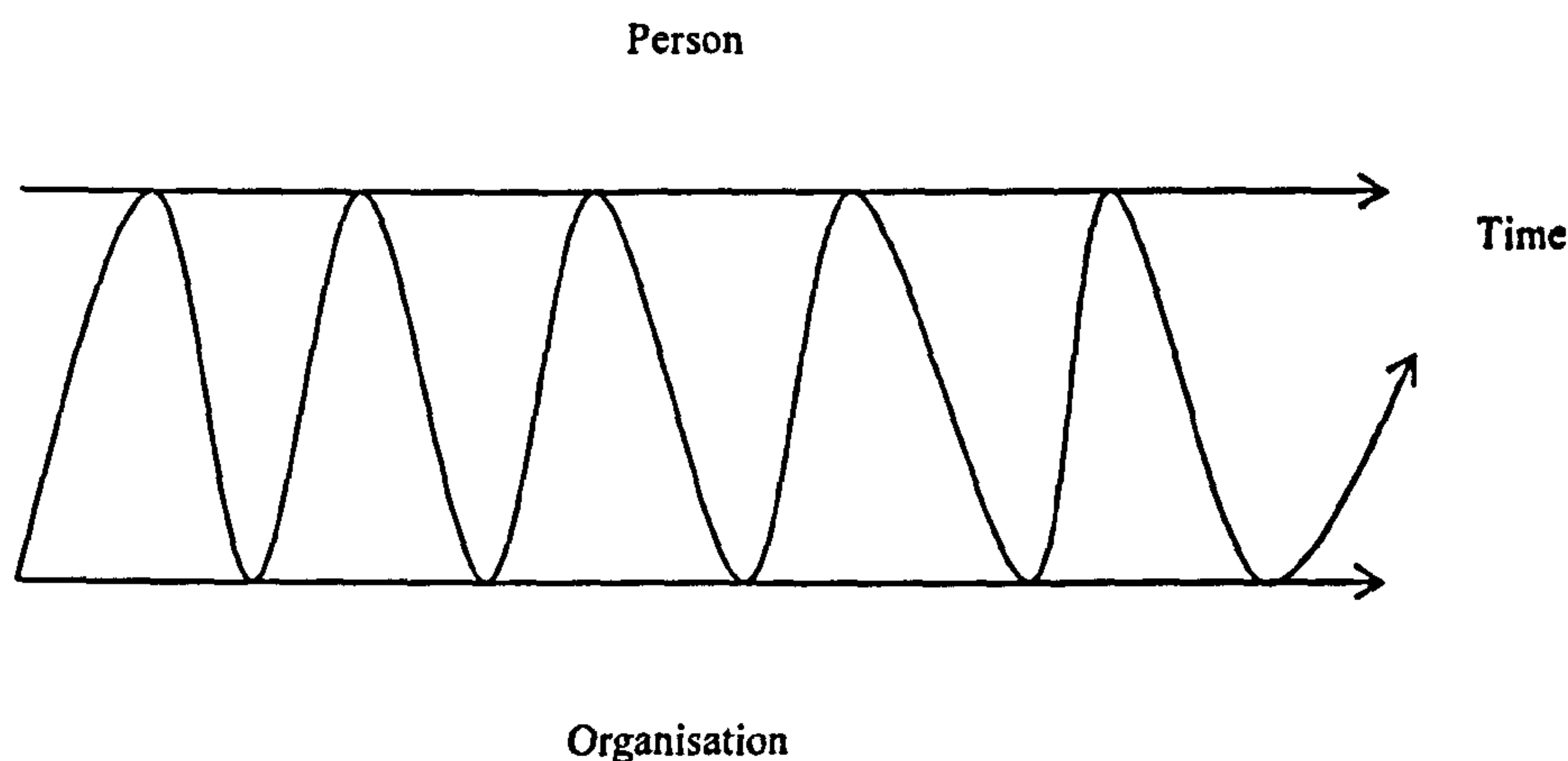


Figure 8.1: A dynamic perspective on the person-enterprise interaction

The framework in Figure 8.1 reflects better the presence of a dynamic interactive context as it includes a timeline. It incorporates both growth, as represented by the changing size of the business, and changes in business structure. A dynamic perspective would be more useful for capturing and exploring changes in motivations and behaviour as a result of experience. This will help to provide a better insight into the role of more recent entrepreneurship experience and how it relates to the businesses – especially when the intensity of this experience differs among individuals. The latter was demonstrated in the current dataset where some cases were more data-rich than others in their ‘stories’ about their businesses.

Finally, there was an emerging issue related to the concept of ‘comfort zone’ (or ‘comfort level’) implying the presence of perceived constraints to growth. The comfort zone is conceptualised through the risk perceptions associated with overcoming the limits of certain behaviours and environments established by the individual at a cognitive level (Bridge *et al.* 2003). It reflects the influence of the business on the individual through its size and is in line with a contextual approach to entrepreneurship

research. The comfort zone was not initially considered by the research, but it is elaborated in the social psychology literature and acknowledged by small business research. It was most explicitly demonstrated through the finding that for the owner-manager and family members reaching a certain size exhausted their capacity to execute control, and thus represented a perceived constraint to growth.

8.2 Directions for future research and methodological limitations

This section draws on the key findings from the research to highlight possible directions for future research. It then evaluates the usefulness of the adopted research methods, pointing to three areas of concern and suggesting possible solutions. Lastly, it considers possible future research themes that have remained outside the scope of the present study.

Limited academic work on entrepreneurship in the Bulgarian agricultural sector has led to the exploratory nature of this research. It has provided interesting initial findings on the start-up and development of enterprises by Bulgarian farmers. Furthermore, it has been ascertained that a focus on the individual owner-manager is a useful perspective in the study of entrepreneurial behaviour. Thus the findings from this research represent a fertile foundation for future studies of this nature. The results from this research can be taken forward for further investigation in two broad directions. First, the findings can be examined in more depth to gain a better understanding of emergent concepts, themes and relationships. Second, the results have suggested that certain characteristics of the owner-managers and their enterprises relate to specific differences in entrepreneurial behaviour. These can be examined further in more extensive research across the Bulgarian farming population. Specific suggestions for research agendas in relation to both are now provided.

One direction for further research involves a more in-depth understanding of the meaning of self-employed status for the individual owner-manager. The outcomes from this research have suggested that farmers develop different orientations towards self-employment and some explanation as to why this is has been provided. Further intensive investigation could provide a better understanding of this dimension of entrepreneurial behaviour. It could, for example, drill down further into the role of business knowledge for the development of a stronger orientation towards self-

employment and draw stronger connections with distinctive characteristics of the farmers and their enterprises.

Similar ideas could be applied to a more in-depth study of the emergent concept of engagement with the enterprise and to a more elaborate investigation of farmers' motivations. In relation to the latter, the results have suggested that the nature of farmers is changing and that more recent start-ups are less related to the post-socialist transition. Thus future research on farmers' motivations could focus more specifically on intrinsic-extrinsic aspects, in addition to pull-push ideas, in order to gain a better understanding of change.

Another direction for future research could be to draw on the initial findings which suggest that differences among farmers in terms of their entrepreneurial behaviour can be illustrated along a continuum from 'less' to 'more' entrepreneurial (Figure 6.2). Further large-scale quantitative surveys of the farming population could be undertaken to test the usefulness of this categorisation. Alternatively, results from this research could be used as an aid to focus on specific groups of farmers. Such a study could, for example, use characteristics such as: full-time self-employed, registered as agricultural producer and relatively large scale to target individuals from the "more entrepreneurial" end of the continuum for further intensive or extensive investigation.

Furthermore, research that encompasses a broader range of outcomes could be encouraged. By bringing together the results from different parts of this research, four thematic areas can be suggested:

- "self-employment orientation – engagement with the enterprise";
- "enterprise development – credit use – labour use";
- "formal features of business – scale"; and
- "culture – traditional values – agricultural sector".

These could be examined intensively in order to obtain more refined qualitative categories of farmers with respect to entrepreneurial behaviour. These could then be utilised in the implementation of an extensive quantitative survey on the farming population where such a categorisation is further tested.

The first limitation of this research relates to the employed method of data collection. A single semi-structured interview per participant was limited in obtaining a sufficiently detailed picture of the interviewees and their enterprises. The method is particularly restricted in acquiring rich information at the tacit⁵⁷ level. Furthermore, the resulting data are a 'snapshot' or a one-off experience of the respondent's reality. Although representing a good way of obtaining initial information, there are limits on what can be claimed based on these data. Furthermore, the fieldwork lacked observations of actual behaviour and the method cannot overcome easily issues with respondents presenting themselves in a selective way. This issue can be overcome through the application of ethnographic techniques and would involve observations and multiple interviews with the same participant. Furthermore, spending time and living in the community will help to better understand the context in terms of family, culture and the historical background of the people; from this, a better understanding of entrepreneurial behaviour would begin to emerge.

Secondly, the issue of focusing on the individual owner-manager rather than the household as the unit of research needs to be raised once again. It is especially relevant when studying the family aspect of the businesses. As already argued, the individual person, was considered appropriate for investigating entrepreneurial behaviour. However, the research demonstrated that this was insufficient to capture the important role of the family, particularly in cases where family members from the older generation or spouses were involved. Considering the household as a case study unit would be more useful, as it can include the views of different household members involved in the business (Yin 2003). It can contribute a better understanding of businesses run by relatively young owner-managers whose parents were involved, especially at the start-up stage. Furthermore, it would be useful for gaining the perspective of young family members in businesses where they are playing key roles together with the owner-manager.

A focus on the family can also facilitate a study of succession. Intergenerational transfer is a relatively new issue for both agricultural and non-agricultural small businesses in Bulgaria. This can be attributed to the post-socialist context. However, this research has

⁵⁷ Tacit knowledge cannot be easily expressed verbally. It is very personal for the particular individual because it is a product of everything this individual has experienced, seen, done, heard and felt (Nonaka and Takeuchi 1995). Thus tacit knowledge has limitations in sharing it with other people. This is opposed to explicit knowledge which represents things that people are aware of and is easier to communicate to others (Nonaka and Takeuchi 1995).

provided evidence of succession expectations that are worth investigating further in the context of available research on farming and non-farming businesses (Gasson and Errington 1993; Potter and Lobley 1996; Westhead *et al.* 2002; Fletcher 2006).

The third methodological issue relates to the regional aspect of this research. While not a limitation of the research, the findings did not differ significantly between regions. Focusing on four rural areas, selected according to relief and proximity to an urban centre, served the purpose of developing a diverse sample. It also showed that regional characteristics can serve as an environmental context for differences in the entrepreneurial behaviour of individuals. This is because a more economically diverse and vibrant rural area, where for example marketing channels are better developed, contributed to the entrepreneurial behaviour of some of the interviewees.

Lastly, ethnicity and gender remained outside the scope of this research. However, they are often among the key characteristics affecting the socially constructed life views of individuals. Each of these two themes has received special attention in the entrepreneurship literature in relation to ethnic entrepreneurship and entrepreneurship among women (female entrepreneurship) respectively. This research did not aim to build on these bodies of literature. However, data analysis suggested that there were some specific ethnicity and gender-based interactions between economic actors in the enterprise context. These require further investigation to help understand their significance for entrepreneurial behaviour. Extending the research into these two dimensions is, therefore, another direction for future research.

8.3 Final comment

This chapter has shown how the findings have satisfied the original aim and objectives of the research. It has highlighted a number of conceptual issues, methodological limitations and directions for future research. This thesis sought to develop a rich understanding of how small businesses come to exist by gaining insights into why Bulgarian farmers do what they do. It adopted an essentially exploratory research strategy and provided some important initial insights. These were useful for highlighting important points for further academic interest. The final conclusion to the thesis is that farmers differ in terms of entrepreneurial behaviour. In this respect, the research has raised as many questions as it has answered.

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APPENDICES

APPENDIX 1

STUDY SITE DESCRIPTIONS

This description of the study sites aims to provide more detail about their populations and infrastructure as well as the agricultural and non-agricultural economy.

The four sites were very diverse with respect to the availability of land resources. Historically, there is a certain amount of land attached to each settlement, which is owned and inherited by the people who originate from that settlement. It is hard to know in advance the quantity of land attached to each settlement because it is not easy to obtain official data; as a result, the study uses information obtained during data collection. A notable finding is that lowland sites had more agricultural land than upland sites.

As to traditional agricultural production in each study site, it should be noted that three out of the four study sites were situated within the grape-producing regions of the country – the Remote Upland, the Lowland Fringe and the Upland Fringe sites. None of the study sites was traditionally⁵⁸ involved in any kind of tourism. Arable farming can be considered as more typical of lowland sites, although it is widely distributed across the whole country and was present in the upland sites as well. A look at the strategic municipality development plans for the period 2007 - 2013 suggested that the municipalities which hosted the Remote Upland and the Upland Fringe sites identified opportunities for development and placed respective targets mostly out of agriculture.

Specific information on each study site was obtained through interview with the mayor of the settlement or the mayor's secretary. Occasional information provided by study participants also influenced the description of the study sites. Some of them were former mayors, chairmen of cooperatives, or former agronomists of the socialist

⁵⁸ Traditionally, in this case, means that the place is not known as a tourism site at present and that during data collection there were no real signs of existing tourism activity, which does not mean that it cannot be developed in the future.

cooperative, and had a broader view of the settlement, the agricultural system and the local population as a whole.

Data on unemployment were available at municipality level. Some local informants could not say for sure about the number of unemployed people in the settlement. Nevertheless, choosing relatively viable settlements means that unemployment was a relatively smaller issue in the four study sites compared to rural settlements in the country as a whole.

A review of the local non-agricultural economy showed that there were specific differences between the two remote sites as compared to the two urban fringe sites. The two remote sites had a relatively larger diversity of small businesses both in the services and production sectors. On the other hand, part of the small businesses located in the urban fringe sites was owned by residents from the nearby city who most often had a relationship of origin with the study site.

A1.1 The Remote Upland site

The Remote Upland site was situated 30 kilometres away from the nearest urban centre. Interviewing the local authority representative revealed that the village had a favourable demographic structure for a rural settlement as only a quarter of its population consisted of retirees. It also showed that the housing in the village amounted to about 1000 homes, of which one fifth were permanently uninhabited.

The settlement was located in a region that was heavily dependent on mining industry until recently. At the time of the research, many of the mines and the related enterprises had closed down, but with some still working after privatisation. The latter were among the main employers for male residents from the Remote Upland site, according to local informants. Textile factories situated locally or in the municipality centre employed some part of the female residents. Other people were employed by two local large-scale vegetable growers⁵⁹. There were several minor sources of employment including positions within the village and various industries in other settlements in the vicinity, but mainly in the municipality centre which was about 12 kilometres away and had a population of approximately 20 000 people. In addition, there were several locally

⁵⁹ Both of them are among the study participants from the Remote Upland site.

residing non-agricultural micro businesses, which created a living mostly for their owners and families. The village offered 20 retail shops in addition to coffee shops, pubs and a discotheque.

The village had 1700 ha of agricultural land. Part of it remained uncultivated due to the low fertility of soils and unfavourable relief. This land included a lot of pastures which, together with the abandoned uncultivated fields, supported the livestock rearing activities in the settlement. Traditional agricultural production included sheep farming, cereals and vineyards. Greenhouse infrastructures were inherited from socialist times. Part of it remained unused. There were no large-scale land tenants operating in either the Remote Upland site or the wider municipality.

The Remote Upland site had two agricultural cooperatives identified as 'red' and 'blue' by study participants (for explanation on 'red' and 'blue' cooperatives see Swain, 2000b; Swinnen, 1997b). Study participants had negative opinions about both cooperatives. According to a local informant, there were about 35 people who were rearing sheep at the time of data collection. This included even those that had only 5-6 sheep, because they also sold some output. About 8-9 people in the site reared around 100 sheep or more. Land was mostly cultivated for fodder that was further utilised in livestock production. Commercially oriented land-based activities in this site were typically vineyards and vegetable production.

A1.2 The Remote Lowland site

The Remote Lowland site was 10 km away from its municipality centre (a rural town with a population of 16 000 inhabitants) and 60 km away from the nearest urban centre. The settlement was a rural town that has constantly lost population since the start of the transition period. As a result, one third of the current population consisted of retirees. The population of this study site had a diverse ethnic structure. Apart from the majority comprising ethnic Bulgarians, 20% of the population were identified as Roma and about 12 % as Vlach. Nearly 30 % of the housing (1820 homes) in the Remote Lowland site were currently uninhabited.

A major part of previously existing sources of living was currently unavailable for the inhabitants of the place. A local machine factory that used to employ 800 people

currently offered employment to about 30 of the town's residents. Other major employers in the Remote Lowland site were the local milk processor and four small textile factories. There were several other minor sources of employment such as the local Water Electric Power Plant, educational institutions, public institutions, farmers and micro businesses. Local representatives reported that there were about 750 unemployed people in the Remote Lowland site and, in addition, about a thousand were working abroad or in the capital and other cities. It should be noted that the best (efficiency and frequency) public transportation connection identified during the data collection process was the one linking the Remote Lowland site with the capital of the country rather than with the municipality centre or the regional centre.

It had the largest quantity of land resources in comparison to the other study sites. The agricultural land in the Remote Lowland site amounted to 6930 ha. According to one of the local vets, this was the place with the largest number of livestock in the whole municipality. Nearly 10% of the agricultural land was under pastures. There was a tobacco drying facility as part of the agricultural infrastructure of the Remote Lowland site that has existed since socialist times and was still in operation. Traditional agricultural production included cattle and sheep farming, cereals, maize, sunflower, various fodder crops and tobacco. In comparison to the other study sites, this place was not famous for vegetables, orchards or grapes. The farming structure of the Remote Lowland site was dominated by a local milk processor and a large-scale land tenant (*arendator*)⁶⁰. The large-scale land tenant cultivated about 4000 ha of land, the majority of which was rented from landowners of three neighbouring settlements, one of which was the Remote Lowland site. The medium and small scale farmers from the settlement felt powerless to compete with this farmer. Similarly, the milk processor had influence on the local dairy livestock farmers. There were two agricultural cooperatives with a diminishing role in the farming structure of the Remote Lowland site.

A1.3 The Upland Fringe site

The Upland Fringe site was situated 14 km away from the nearest urban centre. The study site's population had a diverse ethnic structure that included 38% of Turkish origin, 10% Roma and the rest Bulgarians. They lived in about 2000 houses, of which only 20-30 were uninhabited.

⁶⁰ Both took part as interviewees in the research.

The village had access to numerous sources of non-agricultural employment which were situated both in the nearby city, in the settlement itself and in other settlements in the area. Commuting was accessible through frequent public transportation, own transportation means, or through transportation organised by the employers for their workers. The local economy comprised about 400 micro and small businesses which, apart from the textile industry, were operating within the food industry, carpentry, air-conditioning, refrigerating stalls and metal works. These businesses had customers beyond the boundaries of the settlement. The Upland Fringe site offered an extensive service sector that was comparatively better developed than in any of the other study sites. For example, it had 28 grocery retail outlets and, at the time of the data collection, there was a newly opened supermarket that employed 10-12 people. Despite the favourable position of the settlement with respect to sources of living, there was an official 9% rate of unemployment according to the Mayor who also suggested that unemployment may have been fifty percent higher than the officially registered.

Traditional agricultural activities in the Upland Fringe site included cherries, apples, wine and table grapes, tobacco, cereals and livestock. These types of production were typical for the village from before socialist times. The Bulgarians were predominantly the owners of the agricultural land, with the Turkish population focusing mainly on tobacco. A peculiarity of the Upland Fringe site was that, apart from the agricultural cooperative which was easily identifiable as a major structure in agriculture, there were no specific individual farmers who stood out from the mass of farmers in the village as large-scale and 'well-known'. Part-time farming was very common for the settlement and many agricultural producers held full-time jobs. The agricultural land of the Upland Fringe site amounted to 1400 ha, which was a relatively small quantity compared to the large population. This fact had specific implications for the ownership and inheritance of agricultural land. It resulted in residents owning very small quantities of land, which were further divided among consecutive heirs. Furthermore, as orchards and vineyards were the most common agricultural activities, these required long-term commitment and tended to be implemented on owned land. The latter explains why there was a lack of individual large scale farmers on site. Given the above mentioned types of production, further growth would mean buying more land and the price of land in this place was relatively high due to its restricted availability.

A1.4 The Lowland Fringe site

The Lowland Fringe site was situated 7 km away from the nearest urban centre and was covered by the city's public transportation system. It had a favourable demographic structure. A relatively large group of the population – 25% – was from the Roma minority. The latter had the larger share within the unemployed population of the Lowland Fringe site. There were about 1000 houses in the village and almost no uninhabited homes.

The village was administratively and economically dependent on the nearby urban centre. Sources of employment for the local community were almost exclusively situated in the city and were related to various sectors of the economy, as well as to the army and the public sector. The post-socialist period has had a strong negative impact on local industries resulting in many job losses. Small business initiatives were not exceptionally different from the other study sites, but were developed to a lesser extent, which may be due to the role and influence of the urban centre. For example, the Lowland Fringe site did not have any small food producers, a bakery or a hairdresser. Nevertheless, it offered 18 small grocery shops.

Traditional agricultural production included cereals (they occupied more than half of the arable land), sunflower, wine grapes, various fruit and vegetables. Cotton, rye, strawberries and coriander were not unfamiliar crops. Relatively recently introduced crops included rapeseed, mint and lavender. Sheep farming was traditional for the Lowland Fringe site and other common production like cattle, pigs, poultry and beekeeping was also present. The agricultural land of the Lowland Fringe site was 2300 ha. There were a couple of relatively large-scale farmers (cultivating around 100 ha each or in partnership) in the settlement, but none of them was sufficiently economically strong to the extent that they influenced the activities of the smaller scale farmers in the site. There was one agricultural cooperative which seemed to have a diminishing role. It had been strong and dominated the farm structure of the village during the early 1990s, but had lost its position to the large-scale farmers.

APPENDIX 2

INTERVIEW SCHEDULE

Introduction disclaimer presented to interviewees in verbal form:

This is socio-economic research which aims to focus on Bulgarian agricultural producers. The interview can take up to one hour. The data will be used for my doctoral thesis. Any details relating to your economic activities are necessary only if explaining how and why you do what you do. I am interested in your personal opinions. I do not need to know any financial details related to your activities. If you are not happy with some questions, you may not answer them. All study participants will be kept anonymous and nothing from what you say will be related to your name if referred to in the thesis or any subsequent publication.

Do you mind if I tape record the interview? This will help me to use your exact opinions during the analysis. Tape recording is a common procedure for this type of research and at the end of my studies the records will be destroyed. It is your right to agree or refuse the tape recording and I cannot do it without your agreement.

General information on owner-manager

Where were you born?

Who are the members of your household? Please, tell me more about them.

What previous work experience have you got?

Are you employed elsewhere at present?

If yes: what, where, full-time or part-time

What is your education?

What is your age?

General information on the agricultural operation

Please, tell me more about your agricultural production.

Follow up if necessary:

How much land do you cultivate?

What part of it is owned and what part is rented?

For how long have you rented the land? Under what type of agreement? - formal contract, verbal agreement

What do you grow on the land?

Have you ever bought agricultural land?

If yes: How much? When did you buy it? For what purpose?

Do you raise any livestock?

If yes: Kinds of animals; numbers; where do you rear them? - within the settlement, outside the settlement in a livestock facility

How do you decide what to grow on the land?

How do you decide what types of animals to rear?

What machines do you use to cultivate the land? - owned, rented

Do you own or rent any buildings for agricultural purposes?

Where do you store your agricultural produce?

Where do you store the agricultural machinery?

Do you hire any help on a casual or permanent basis?

Is anyone from your household helping you with the agriculture?

If yes: How do they help you?

Have you got any relatives who are doing agriculture?

If yes: What are they doing?

Motivation and aspirations

When did you start your agricultural production?

Why do you do agriculture?

How would you define yourself considering the activities you are involved in?

What do you prefer, to work for yourself or to work for someone else?

Do you plan to change anything on your farm?

If yes: what, why?

If no: why?

What you do not like about being an agricultural producer?

What you do like about being an agricultural producer?

What is the importance of your agricultural production for you and your family?

Question to owners of mixed farms:

Which of all your productions is the most important for you?

Question to farmers holding full-time employment

How would you define the importance of your agricultural production compared to your other job?

How do you see the future of your activity?

Development of business, changes in scale or structure

Can you describe what changes have happened in your agricultural production during the last years?

- change in types of crops or livestock
- change in scale of some activity
- new machinery, facility

If you need to borrow money, what would you do in order to get it?

What do you think of getting a credit in order to invest it in agriculture?

Have you ever had a registered company in the family?

If yes: For what purpose?

Could you describe for me how you purchase the necessary inputs for your production(s)?

Could you describe for me how you sell the agricultural output(s) from your production(s)?

Are you registered as an agricultural producer? Since when? Why?

Have you ever been into any form of partnership with someone?

How did you learn to do agriculture?

Could you say that in your role as agricultural producer you are a person who is managing?

If yes: Why?

At present, how do you search when you don't know something?

How do you solve problems related to illness of crops or livestock?

When you talk with other agricultural producers, what do you discuss usually?

Are you a member of any vocational or civil organisation?

Do you attend any special events, which are related to your activities? – such as fairs, exhibitions, seminars, presentations, meetings...

Have you ever searched for assistance or advice from any local public authority regarding your agricultural activity?

From any other source of such assistance or advice?

Has anybody from these types of organisations come to offer you assistance or advice?

Thank you very much for your time and help.

APPENDIX 3

SPSS DATABASE AND VARIABLE LIST

Position	Variable name	Variable description	Label
1	STUDY__A	Study sites research names	The Remote Upland site The Remote Lowland site The Upland Fringe site The Lowland Fringe site
2	EMBEDDED	Native or not to the study site	native not native
3	GENDER	Gender of interviewee	female male
4	AGE_INTE	Age as stated	
5	AGE_GROU	Age groups 15-year periods	35 years old or less 36-50 years old 51-65 years old 66 years old or more
6	HH_NO_FA	Number of families within the household	one two three four
7	NO_GENER	Number of generations in the household	one two three
8	HH_NO_PE	Number of people in the household	
9	SUCCESSO	Presence of identified successor of the agricultural and any	yes no no need
10	EDU_INTE	Level of education	university completed university withdraw secondary 11-12 years of school basic - up to 8 years of school
11	AGRI_EDU	Agricultural education or not	yes no
12	FAMIL_CE	Family centred activity or not	yes no
13	LIFE_ST	Life stage of the decision-maker	early stage w/t child or with small child middle stage with grown up children late stage with children on site late stage empty nest
14	EMPLOYME	Previous employment experience	agricultural non-agricultural not applicable because of age
15	MANAGERI	Managerial experience from the past if any	yes no different answer
16	AGRI_CON	Raised in agricultural context	yes no
17	AP_REGIS	Registered as agricultural producer	yes no

		or not	
18	AGRI_SUB	Agricultural sub-sector at a most general level	livestock arable horticulture
19	PIGS	Rearing pigs	yes no
20	CATTLE	Rearing cattle	yes no
21	SHEEP	Rearing sheep	yes no
22	POULTRY	Rearing poultry	yes no
23	BEES	Keeping bees	yes no
24	OWN_LAND	Cultivating owned land or not	yes no
25	Q_OWN_L	Quantity owned land if stated	
26	RENT_LAN	Cultivating rented land or not	yes no
27	Q_RENT_L	Quantity rented land if stated	
28	CEREALS	Wheat, barley, maize, sunflower	yes no
29	VEGETABL	Vegetable grower	yes no
30	FRUIT	Fruit grower	yes no
31	FODDER_C	Own production of fodders for livestock	yes no not relevant
32	VINEYARD	Grapes producer	yes no
33	OWN_MACH	Owning agricultural machines or not	yes no
34	SERVICES	Doing services with machines	yes no not relevant
35	PRESENT	Membership in vocational or civil organization at present	yes no
36	FORMER_M	Discontinued membership in vocational or civil organization	yes no
37	FEEL_MAN	Does the interviewee feel that s/he is managing	yes no different answer
38	EMPLOY_A	Status of the farmer with respect to employment	self-employed full-time job part-time job pensioner