

MULTIFUNCTIONALITY – INTERACTIONS AND IMPLICATIONS: THE CASE OF THE PODKYLAVA VILLAGE (WESTERN SLOVAKIA)

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Abstract: Multifunctionality is one of the most important aspects of the sustainable development. There are essentially two approaches to the analysis of multifunctionality. One is to interpret multifunctionality as a characteristic of an economic activity. The second way of interpreting multifunctionality is in terms of multiple roles assigned to agriculture. In this view, agriculture as an activity is entrusted with fulfilling certain functions in society. Social functions are linked to employment and income generation in rural areas and hence sustaining the viability of rural communities and maintaining rural society. The study focuses on social aspect of multifunctional agriculture in Kopanice region located in western part of Slovakia near borders with Czech Republic. The region is according to OECD regional typology being considered as intermediate one approaching the category of predominantly rural region. In spite of the fact, that the share of the primary sector in economy of the region is decreasing, the agriculture still plays an important role from aspects of employment and building of social capital. The paper evaluates the influence of external and internal factors on the development of social capital in the selected region and authors will focus mainly on the impact of local stakeholders and policy measures. The interaction between relevant stakeholders as public sector, civil society, local business sector and primary sector is expected to be beneficial for development of social capital.

Key words: multifunctionality, agriculture, region, rural development, Kopanice region, TBS Inc.

Abstrakt: Multifunkčnosť je jedným z najdôležitejších aspektov trvalo udržateľného rozvoja. Existujú dva základné prístupy k analýze multifunkčnosti. Prvým prístupom je interpretácia multifunkčnosti ako charakteristiky hospodárskej činnosti. Druhým spôsobom interpretácie multifunkčnosti je priradenie viacerých úloh poľnohospodárstvu. V tomto prístupe je poľnohospodárstvo chápané ako aktivita s viacerými funkciami v spoločnosti. Sociálne funkcie sú spojené so zamestnanosťou

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a tvorbou príjmu vo vidieckych oblastiach s cieľom udržania životaschopnosti vidieckych komunít a vidieckej spoločnosti. Táto štúdia sa zameriava na sociálny aspekt multifunkčného poľnohospodárstva v Kopaničiarskom regióne, ktorý sa nachádza v západnej časti Slovenska v blízkosti hraníc s Českou republikou. Podľa OECD klasifikácie regiónov je Kopaničiarsky región prechodný región približujúci sa k prevažne vidieckemu regiónu. Napriek skutočnosti, že podiel primárneho sektora v ekonomike regiónu klesá, poľnohospodárstvo stále hrá dôležitú úlohu z hľadiska zamestnanosti a budovania sociálneho kapitálu. Príspevok hodnotí vplyv vonkajších a vnútorných faktorov na rozvoj sociálneho kapitálu vo vybranom regióne a autori sa zameriavajú predovšetkým na vplyv miestnych aktérov a politických opatrení. Predpokladá sa, že interakcia medzi príslušnými miestnymi aktérmi ako sú verejný sektor, občianska spoločnosť, miestna podnikateľská sféra a primárny sektora bude prínosom pre rozvoj sociálneho kapitálu.

Kľúčové slová: multifunkčnosť, poľnohospodárstvo, región, rozvoj vidieka, Kopaničiarsky región, TBS, a.s.

1. Introduction

The heterogeneity of rural areas is a precondition for simultaneous appearance of various functions – economic, social and environmental (Kopeva, 2011). Horvath-Nagy (2011) describe the relationship between agriculture and rural development by the term multifunctionality. The multifunctionality of agriculture refers to (new) farm-related activities, (new) markets (private and public) and processes of change in activities and markets. Multifunctional agriculture is characterized by a common focus on the production functions of agriculture apart from food and fibre, often consisting of non-commodity (and non-marketed) goods and services (Randall, 2002, Huylebroeck et al., 2007, Renting et al., 2009, Thenail et al., 2009, Knickel et al., 2004). The concept of multifunctionality of agriculture is based on the insight that agriculture is not limited to the sole function of producing food and fibres. There are two other functions to be considered (European Commission, 2000):

- *The environmental function.* A vast range of landscape amenities and site-specific environmental values bears the form and composition of a farming heritage. The ecological stability of many modern landscapes is shaped by farming, which has influenced – positively and negatively - the evolution of diverse species of wild flora and fauna. Maintaining the ecological values of landscapes and semi-natural eco-systems requires in many areas an active stimulation of appropriate land management activities.
- *Socio-economic function:* Agriculture contributes to the viability of rural areas and a balanced territorial development by generating employment in primary production and the supply and processing/distribution chains. It also helps to maintain the rural infrastructure. In remote and peripheral areas, farming is often one of only a few economic activities.

The EU started to develop and introduce the multifunctional paradigm in the 1990s, when it was an implicit part of various EU legal contracts. Although the term 'multifunctionality' itself is not used, the 1996 Cork Declaration is considered to be the starting point of the EU's multifunctional agricultural policies. It is in this document – an outcome of the European Conference on Rural Development held in Cork (Republic of Ireland) – that the participants both presented an analysis of the situation of the EU's rural areas and set up a 10-point rural development programme. The analysis points to substantial changes in the significance and public perception of agriculture, both of which have led to an understanding of agriculture as a multifunctional practice. (Molders, 2013). Later, the term 'multifunctional agriculture' was coined at the Earth Summit in Rio de Janeiro in 1992. It was meant to refer to various developments and changes in agriculture worldwide, and to provide a consistent framework for understanding and addressing these developments and changes. After 2003 the emphasis is placed on the need to invest in the broader rural economy and rural communities, in order to increase the attractiveness of rural areas, to promote sustainable growth and to generate new employment and, finally, to encourage multifunctional agriculture; but emphasis is also placed on the competitiveness of the farming

sector (to be addressed through diversification, innovation and high added value products), that is key for the role of agriculture in the development of rural areas. (Henke- Storti, 2004). Agenda 2000 introduced a clear separation between the expenditure for market and first pillar support on the one hand and the rural development measures of the second pillar on the other, as separate components of the Guarantee section of the EAGGF, to be indicated in separate sub-headings and not allowing any internal shifts between the two. (Saraceno, 2002).

Recognized functions of multifunctional can be grouped in so called 'color' boxes: white functions are food security and food safety, green functions are biodiversity and landscape maintenance, blue functions contain functions such as water retention and flood control, red functions consist of energy production in all its aspects, yellow functions have to do with social care and cohesion, tourism, and so on. (Durand-Huylenbroeck, 2003, Jongeneel- Slangen, 2004, Sarudi-Barna, 2005, Kania, 2010).

In order to discuss the role of agricultural multifunctionality in the rural development, it becomes imperative to discuss its three main dimensions, namely economic, social and environmental. (Runowski- Zietara, 2004, Dirimanova, 2011, Kallas et al., 2007). Social functions are linked to employment and income generation in rural areas and hence sustaining the viability of rural communities and maintaining rural society (FAO, 2000). Romstad et al. (2000) describe the most central elements of multifunctional agriculture as follows:

- landscape: biodiversity, cultural heritage, amenity value of the landscape, recreation and access, scientific and educational value,
- food related issues: food security, food safety and food quality, and – rural concerns: rural settlement and economic activity

The realization of a multifunctional farming concept is a result of changes resulting from social needs. Therefore, it can be assumed that there is a public consent to introduce the payments that allow securing advantages to provide public goods and external positive values (Czyżewski - Kulyk, 2011).

Multifunctionality has strong links to the concept of sustainability (Širá, 2013). For example, different functions of the rural landscape – in the sense of different types of land use and related land covers – can be of mutual benefit, for example agro-biodiversity, and generate economic sustainability among rural entrepreneurs and promote and support ecological sustainability in the local area. Multifunctionality is then an important element in the paradigm of sustainability (Turpin et al, 2010). Sustainable multifunctional agriculture is strongly linked to different forms of capital. Goodwin (2003) distinguish five kinds of capital: financial, natural, produced, human, and social. On the other hand, Bourdieu (1992) writes about 3 types of capital in sustainable development: economic, cultural and social capital. Very hard to measure is the social capital (Goodwin, 2003). Theoretical literature mostly agrees that social capital consists of different components, which are more or less interrelated. The elements of social interaction can be divided into two parts: structural aspect, which facilitates social interaction, and cognitive aspect, which predisposes people to act in a socially beneficial way. The structural aspect includes civic and social participation, while the cognitive aspect contains different types of trust and civic norms, also referred to as trustworthiness. Although there has been some inconsistency concerning the relative importance of the cognitive and structural aspects of social capital, it could be assumed that these two sides of the concept work interactively and are mutually reinforcing. (Parts, E., 2003). Putnman (1993) defines social capital as features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions. According to Bourdieu (1992) social capital is the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition. The second known capital-cultural capital is used to refer to a variety of phenomena, such as interpersonal competence and beliefs acquired through social interaction, (Bourdieu, 1986) holding credentials valued by society, (Bourdieu, 1986 and Collins R, 1987) and competency in performing tasks in culturally appropriate ways. Easy to measure is the economic capital, which is immediately and directly convertible into money and may be institutionalized in the forms of property rights (Bourdieu, 1986).

Within the EU, the concept of multifunctionality has consequently experienced an increasing relevancy with regard to diversification strategies while describing the various private and public use potentials of land for farmers, for rural areas and for society in general (Maier- Shobayashi, 2001). Diversification of farm activities can be, in fact, interpreted as the rationale choice made by farmers to create values from these multiple functions of farming either through markets (e.g., agritourism or organic agriculture) or through participation to policy programmes (Finocchioni, R.-Esposti, R., 2008). One of the possibility of diversification of farm is the agri-tourism. Macbeth et al. (2004) says that tourism development depends on specific levels of social, political, and cultural capital to be a successful rural development tool and to sustain rural communities.

2. Methodology

The aim of this paper is to evaluate the relation between the multifunctional farm located in the western part of Slovak Republic and internal and external environment influencing its performance and development of the region. The impact of the multifunctional farm on the development of social capital will be demonstrated and evaluated as well. Lack of available data related to unemployment rate in analyzed villages of the Kopaničarský region has caused the limitation of the scope of the analysis and obstacles in finding a relationship between positive effects of the multifunctional farm and development of the region.

The object of the research: there are two main objects of the research – the multifunctional farm TBS, joint stock company (hereinafter such as “jsc”) and the Kopaničarský region. The Kopaničarský region is located in the western part of Slovakia close to borders with the Czech Republic at an altitude from 209 m to 970 m above sea level. The total area of the region is 461.56 km² and the region is composed by 23 villages. The population of the whole region is 43,116 people. The region has suitable conditions for agri-tourism because of its nature, cultural heritage, history and specific dispersed settlement. One of the most important agricultural companies which provides services related to agriculture and agri-tourism is the company TBS. TBS, jsc. is one of the few agricultural farms providing additional activities beyond the agricultural production.

The company was founded in 1998 as a small family farm with 2 employees in a village of Podkylava (Kopaničarský region). The farm started with crop production on 17 hectares of agricultural land. In 2007 the farm extended its crop production and the cultivated area and operated on 1200 hectares of agricultural land in Podkylava and close villages. In this time the farm started with livestock production: cattle Charolais (calves) and horses.



Fig 1. Source: <http://penzion-adam.sk/index.php?page=kde-nas-najdete&>

Nowadays, the farm has 40 employees, it operates on 300 hectares of agricultural land, out of them 282 hectares are rented. TBS, jsc. continues with livestock production and provides following services: agricultural product processing, yard sale, producing, processing, marketing and sale of traditional products, machinery lease, land and environmental protection, agri-tourism, organization of events related to preservation of traditions of Kopanice region and social services.

3. Results

Relations between the multifunctional farm and the region

Every company is an organic part of the country's economy. It exists, develops and declines in interaction with economic entities, bodies and organizations that surround it and affect its decisions (Belanova, 2013). The business environment is a part of the environment which includes all factors that exist outside the company and they mutually interact to each other. All companies are limited by the environment they operate in and these companies retrospectively affect the environment.

The interaction between multifunctional farm and the environment (other stakeholders) where the farm operates in is described in the Table 1.

No.	Factor	Relation	Nature of the factor
1	Internal Governance	One way interaction Int.gover. → Farm	Internal
1a	Physical resources	One way interaction Phys. resources → Farm	Internal
1b	Human resources	Mutual interaction	Internal
1c	Financial resources	One way interaction Fin.resources → Farm	Internal/External
2	Local Inhabitants	Mutual interaction	External
3	Local Business Sector- Agricultural and Non-agricultural	Mutual interaction	External
4	Municipality and Region	Mutual interaction	External
5	LAG (Local action group)- Leader Approach	Mutual interaction	External
6	Policy Measures and Institutional Environment (PMIE)	One way interaction PMIE → Farm	External
7	Legal Environment (LE)	One way interaction LE → Farm	External
8	Civil Society- Civil, Sport, Hunting and Cultural Associations	Mutual interaction	External

Tab 1. Interaction between the multifunctional-farm and its environment. Source: authors

In the part 'Internal governance' authors will analyze the internal governance of the company in order to understand the functioning and the mission of the farm TBS, jsc. In the part 'External relations' authors will focus on factors which influence the company and the development of the social capital and environmental protection of the Kopanice region.



Fig 2. Multifunctional farm TBS, jsc. Source: Authors

Internal governance

Even though the legal status of the farm is joint stock company as for the ownership structure it acts as a family farm. The farm employs mainly members of the main shareholder family and people from the village Podkylava and Kopaniciarsky region. Internal governance and principles of work organization are based on the Ishikawa diagrams (also called fishbone diagram, created by Kaoru Ishikawa in 1968). The diagram is a visualization tool for categorizing the potential causes of a problem in order to identify its root causes.

The fishbone diagram (Fig. 3) of the multifunctional farm describes relations between:

- System (State and its support, Trenčín region, Myjava district and consumer spending power)
- Local environment (Podkylava village and its surrounding with nature and culture)
- Company (accommodation, catering, congress halls, wellness and marketing)
- Employees (including all positions in the company and their hierarchy)
- Programme (organized by the farm, e.g. production of traditional products, excursions for children and schools, sport, horse riding, working on the farm and cycle routes).

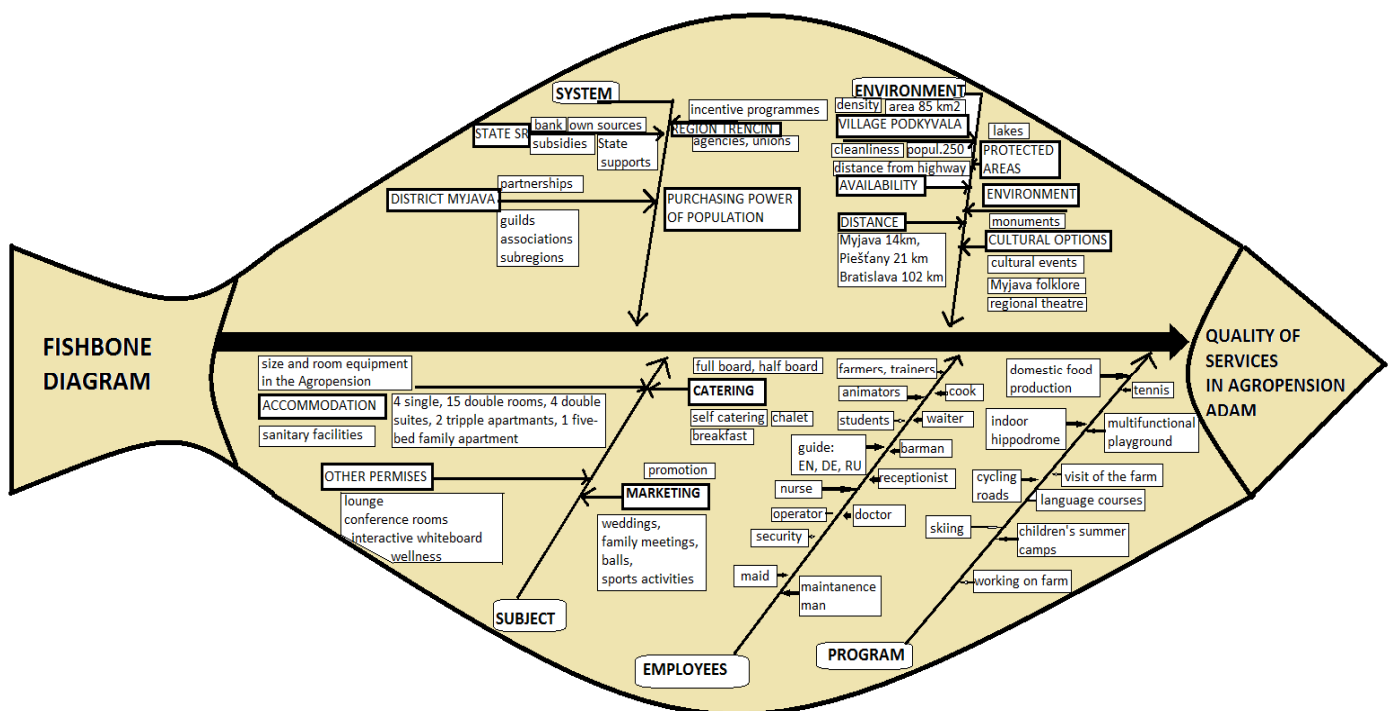


Fig 3. Fishbone diagram in the multifunctional farm. Source: Agropension Adam, Podkylava

The fishbone diagram describes mainly following internal factors: physical resources and facilities of the company, human resources, and program offered by the farm. The basic idea of the fishbone diagram is that all these factors and relations between factors shall improve the quality of services of the TBS, jsc. This concept is based on the fact that just by optimal combination of factors and relations between them, the sustainable development of the farm can be achieved.

Analysis of internal factors continues in the part “Development of the social capital” of this paper.

External relations

Village Podkylava:

The multifunctional TBS, jsc. operates in the village Podkylava with a population of 227 inhabitants. The strong position of the farm in local development is based on the role of the major employer in the village (further analyzed in the part “Development of the social capital”). As for the cooperation with the village the farm helps the village development mainly by providing stakeholders with financial support for projects related to the development of the village infrastructure. The farm provides loans for pre-financing or co-financing of the EU projects, for which the internal budget of the municipality is not sufficient. The farm is also one of the main contributors of the municipality budget - from accommodation tax and tax on land. From the part of municipality the village helps to increase the security of tourists and property by installing the camera system in the company’s object, so the company is constantly monitored.



Fig 4. Charolais Farm. Source: TBS, jsc

Mutual cooperation between the municipality and the farm is based on the confidential and well working relations. The representatives of the municipality and the farm feel the importance of good relations and cooperation as one of the main factors influencing the local development.

Local business sector

Agriculture plays an important role in the employment rate of the Kopaniciarsky region and thus also in the village of Podkylava. In Podkylava there are 7 agricultural entities operating: 4 individual farmers, 1 cooperative, 1 limited liability company and 1 joint stock company.

The multifunctional farm TBS, jsc. is the largest employer in the village, it employs 40 people, 22 of them are directly from the village. The rest of employees come from the Kopaniciarsky region.

The nature of the farm is unique in the region, because it also provides services for other farmers and local inhabitants, e.g. mowing, straw packing and transport.

Local inhabitants

Except of providing local people with opportunities of employment, the company also provides services for elder people: the company in cooperation with the municipality organizes cultural and social events for retirees.

Civil society

Civil society is represented mainly by the Local Action Group Kopaniciarsky region based on public – private partnership of all significant stakeholders from the region. There are 27 municipalities (representing public sector) and 35 of private sector members involved in the Local Action Group. The farm TBS, jsc. is one of the private sector member. The common activities are focused on organization of common events, marketing and preservation of traditions of the region. As for the promotion of region and its tradition, culture and opportunities for spending leisure time - an electronic information desk at reception of “Agrohotel Adam” was installed.



Fig 5. Adamfest organized by multifunctional farm TBS, jsc. Source: TBS, jsc

Legal environment

Activities of the analyzed farm are in accordance with the actual EU and Slovak legislation valid for all beneficiaries of the Common Agricultural Policy (hereinafter such as CAP). Since the farm

is operating in the system of ecological production (producing organic products) it has to keep not only the criteria of cross-compliance but also the criteria for certification of ecological production. In case of incomplete compliance with criteria of EU legislation the amount of subsidies is being reduced accordingly.

Policy measures

The TBS, jsc. is the beneficiary of both 1st and 2nd pillar of the CAP. In frame of the 1st pillar the basic payment (SAPS) is the main support instrument together with additional direct payments from state budget (however the share of additional payments has been decreasing). As for the 2nd pillar the farm was involved in the 5 year commitment for agri-environmental payments. As for the project support the farm has been active from the pre-accession fund SAPARD as well as Sectoral operational programme Agriculture and Rural development (2004-2006) and Rural Development Programme (2007-2013). Projects were focusing on modernization of equipment and technologies in primary production and processing as well as building of agro hotel, congress halls and agri-tourism facilities (guest houses, stables, multifunctional playground).

Direct payments and investments from both 1st and 2nd pillar of the CAP represent app. 10% of total farm incomes. Particularly investments supported by 2nd pillar of CAP would not be realized without support since the contribution is in average 50% of total eligible costs and without this many of investments would be risky or infeasible.

Development of the social capital

The TBS, jsc. is the largest employer in the village Podkylava (it employs 21% of economically active population in the village). Remarkable is the age structure of its employees which differ from the age structure in agricultural sector in Slovakia and in the EU: while the average age of employees is more than 50 years old, in the TBS, jsc. young generation dominates.

The number of employees has significantly increased after the accession to the EU. Reason for this was the diversification into non-agricultural activities (rural tourism, secondary school). While at the beginning a larger share of employees were allocated to the farm, gradually the share of employees increased in the secondary school facilities as well as in the agri-tourism activities.

The large difference in the number of employees at the foundation of the company in 1998 and at the present reflects the development of the company's multifunctional activities. The increasing tendency can be observed in the amount of employed in the agri-tourism field. Although there were no agri-tourism activities in 1998, in 2004 7 people (almost 30% of the total number of employees) were employed in agri-tourism. Nowadays, employees in agri-tourism represent almost 50% of the total number of employees in the multifunctional farm.

As an integral part of the TBS, jsc., there is a strong intention to support and enhance the education within the private secondary school focusing on vocational education in the field of tourism. Majority of graduates are employed in the TBS, jsc. or accommodation facilities of Kopanice region. As for the structure of employees from regional perspective 85% of employees are inhabitants of Podkylava and Kopaniciarsky region. The farm also supports the career development of their employees by training programmes and courses. All these activities significantly contribute to the development of the social capital of the village and region.



Fig 6. Farm employees in period 1998 - 2015. Source: TBS, jsc.

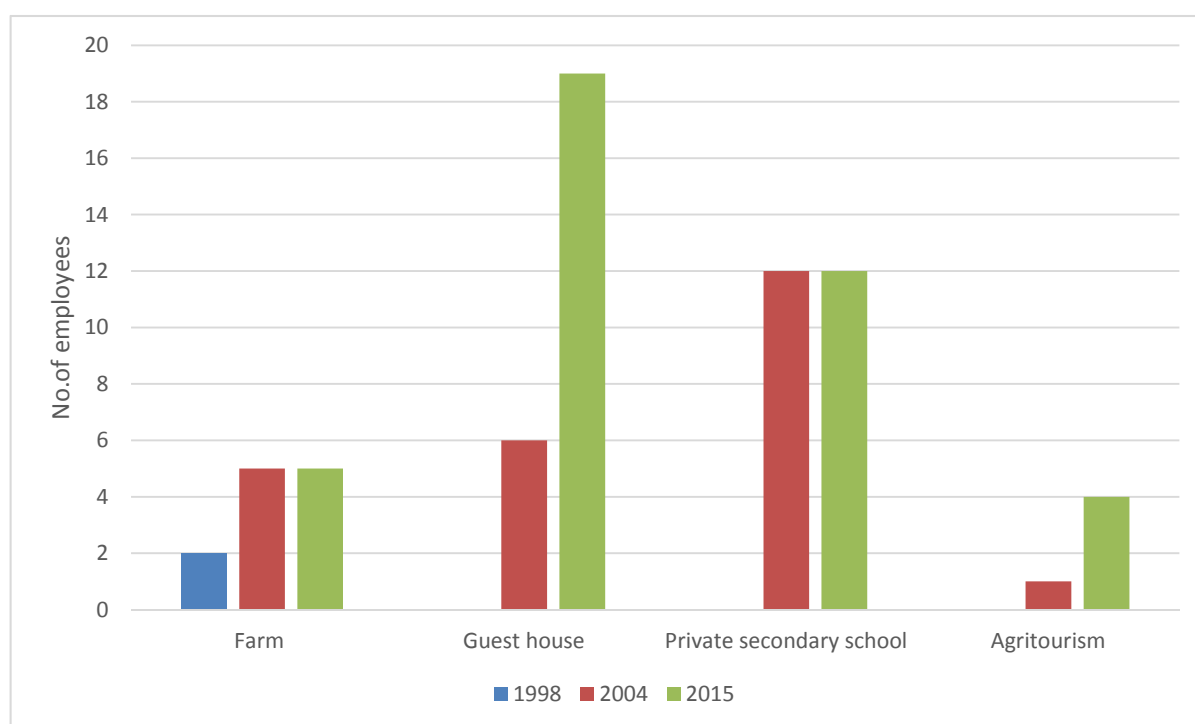


Fig 7. Children's camp organized by multifunctional farm TBS, jsc. Source: TBS, jsc.

4. Conclusion

The paper presented results of the study carried out in Kopaniciarsky region. The main focus was turned to the field of interactions between the multifunctional farm – TBS, jsc. and its direct environment. Specially external and internal factors in relation to the social capital development in Podkylava village in the region – where the farm is allocated – were analyzed. Based on the primary research led in the region the following outcomes and observations can be demonstrated: there are two main categories of factors interacting the farm – internal and external ones. The significance of internal factor resides in the importance of internal governance of the farm and clearly formulated and clearly promoted mission as it is present in the case of

the TBS, jsc. The awareness of strong and unique corporate identity of this farm is made available for both – internal and external dimension of the enterprise.

The most important role of external relations was shown by the impact of these factors have on the farm – via influencing the social capital and maintaining the environmental protection of the whole Kopaniciarsky region. Not only the growing tendency of development of social capital of the multifunctional farm was observed (from 1998-2015) in several layers of multifunctionality of this entity but the extending tendency of allocation of social capital from farm through secondary vocational education facilities towards to agri-tourism services is present as well.

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