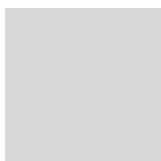
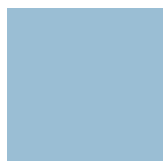
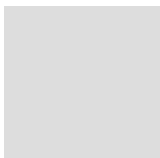


To whom belongs the future of rural prosperity 2020+?



Lithuanian institute
of agrarian economics



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2 Aim of the study

3 Theoretical assumptions for rural prosperity

4 Research methods and general survey characteristics

5 Research findings

6 Discussion and conclusions





1 Hot tip



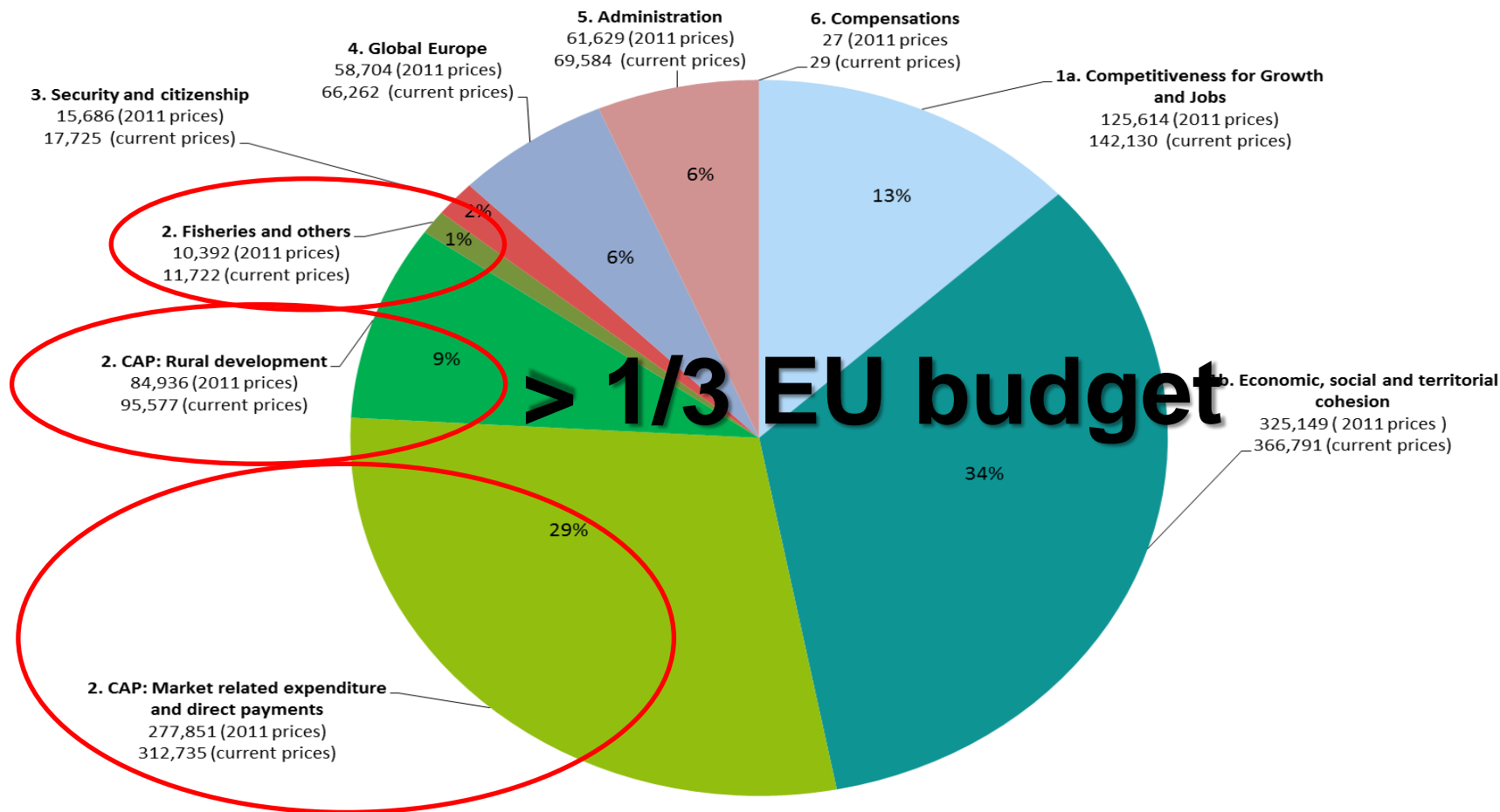
Common Agricultural Policy and Rural Development

> 1/3 EU budget



MFF 2014-2020

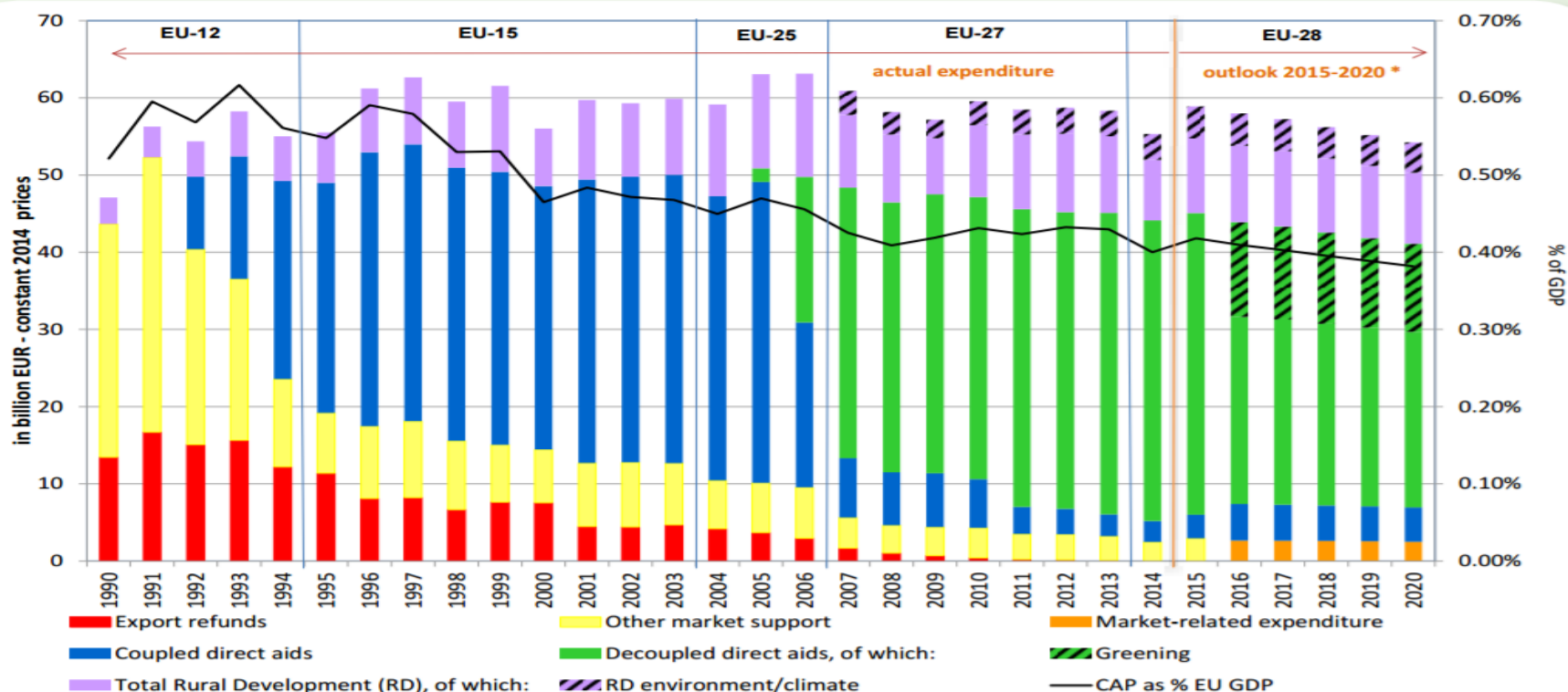
Commitment appropriations - EUR million



Direct payments to farmers - 70 % of total EU CAP expenditure



CAP expenditure and CAP reform path



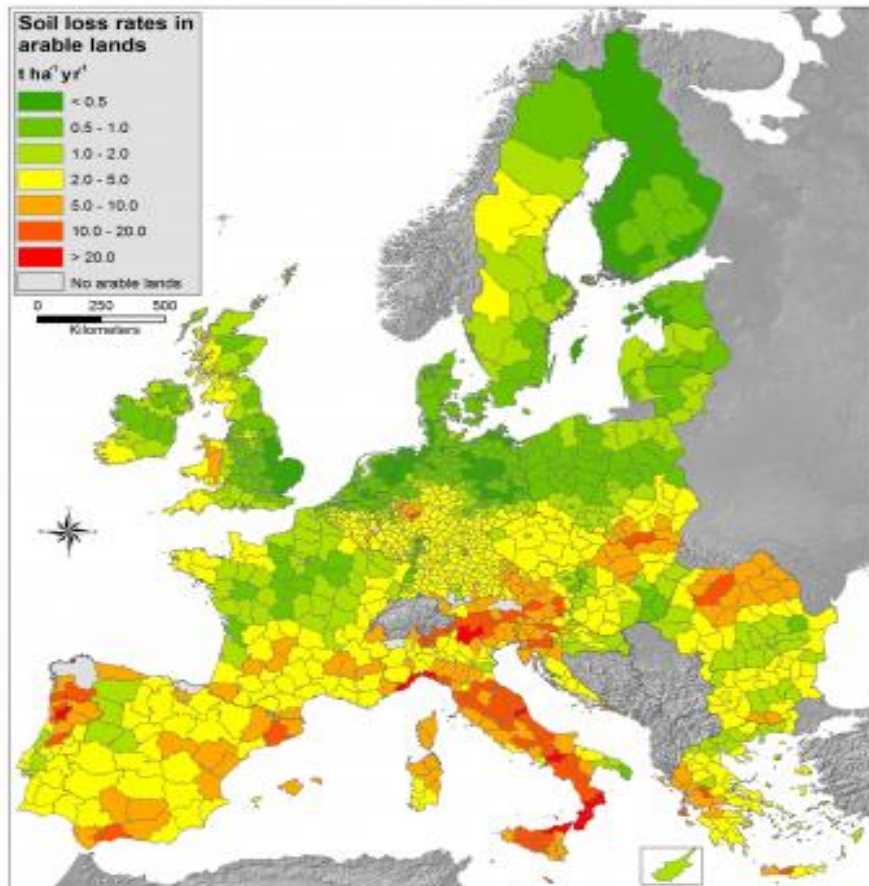
*) 2015: budget amounts; 2016-2020: Annex III Regulation 1307/2013 broken down based on notifications by March 2015, coupled direct payments including POSEI and SAI direct payment component and Annex I Regulation 1305/2013



Farmers and provision of public goods in the EU



Farmers are responsible for the provision of public goods on more than half territory of the EU



Categories of agrarian public goods

Environmental

- Agricultural landscapes
- Culturally valued landscapes
- Farmland biodiversity
- Water quality
- Water availability
- Soil functionality
- Climate stability-greenhouse gas emissions
- Climate stability-carbon storage
- Air quality
- Resilience to flooding
- Resilience to fire
- Resilience to natural disasters snow damage, landslide

Social

- Food security
- Rural vitality
- Farm animal welfare and health



Hot Tip

- **Diminishing role of traditional agriculture**, expansion of services and digitalization keep shaping the quality of life in rural areas.
- **New perceptions of farming** and rural life that **are totally different** from the perceptions in the era of industrialization of agriculture.
- In such conditions the **success is** most often defined by **the ability to network, innovate, and give back to society.**





2 Aim of the study



Problem and aim of the study



- **To whom belongs the future of rural prosperity 2020+?**
- **Aim of the study** - to identify major factors that are promising to moderate the rural prosperity in 2020+.





3 Theoretical assumptions for rural prosperity



What are modern conditions for rural prosperity?



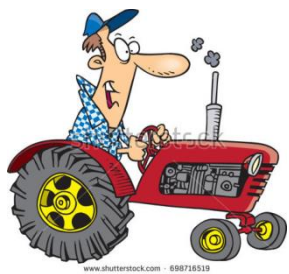
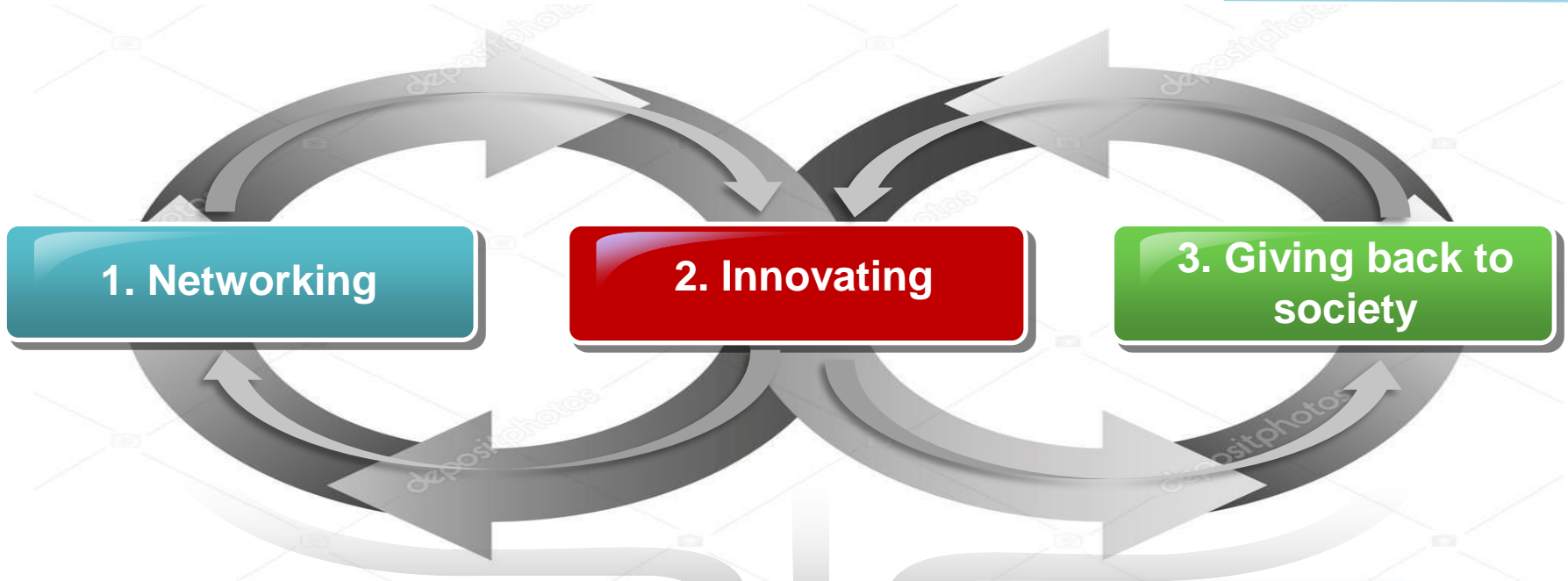
1. Modern conditions of **success** is most often defined by the **ability to innovate** (Chrisman et al., 2015; Dunne et al., 2016; Kusano, Wright & Conger, 2016).
2. Farmers that focus on **innovation as a core value** are finding success in **business** (Madureira et al., 2015; Reimers-Hild & Dye, 2015a; Reimers-Hild & Dye, 2015b; Neumeier, 2017; etc.).
3. **Innovative** and socially responsive rural **communities** achieve **better quality of life** (Pittaway et al., 2004; Vaccaro et al., 2012; Esparcia, 2014; Lambrecht et al., 2015; Salemink, Strijker & Bosworth, 2017).

However...

a lot of innovative initiatives fail and there are numbers of reasons behind (von den Eichen, Freiling & Matzler, 2015).



Key factors, that calls for rural prosperity:



Factors

**Rural
prosperity**



Success of innovators comes in line with collaboration and responsiveness...

1. Networking: limited number of resources foster networking



- The size of farm and rural enterprise due to the number of employees is defined as a limiting factor to innovate (Creaney, McKee & Prager, 2014; Esparcia, 2014; von den Eichen, Freiling & Matzler, 2015; Dunne et al, 2016).
- This restricts the potential of local inhabitants to search for and collect innovation-related information, their possibility to exchange knowledge with colleagues, discuss new important trends and to collaborate in cooperative innovation projects (Vacaro et al., 2012; Lambrecht et al., 2015).
- Networking is perceived as an important strategic tool in attaining innovation (Pittaway *et al.*, 2004; Vacaro *et al.*, 2012; Lambrecht *et al.*, 2015; Madureira *et al.*, 2015; Šūmane *et al.*, 2017).
- ‘Openness’ of innovation - spreading the externally acquired knowledge to local community members when raising its potential to innovate (Duh & Kos, 2016; Specht, Zoll & Siebert, 2016) thus giving back to society.



2. Innovativeness: the shift from technical to organizational innovations



- Technical innovations had been dominant since the middle of XXth century (Griffin, 2013); farmer=implementer.
- During the last decades the shifts from technical to organizational innovations become evident (Griffin, 2013; Chrisman et al., 2015; Kusano, 2016).
- Modern multifunctional farm require focusing on organizational innovations (Vaccaro *et al.*, 2012; Creaney, McKee & Prager, 2014; Salemink, Strijker & Bosworth, 2017).
- Servitization of rural economy demands a lot of organizational innovations to be implemented (Jean, 2014; Salemink, Strijker & Bosworth, 2017; Vidickienė, 2017).



3. Giving back to society as farmers' responsiveness and input to local communities

- Stronger focus on endogenous factors of development (Creaney, McKee & Prager, 2014; Zago et al., 2015).
- Rural communities encounter the need to solve range of new social problems (Esparcia, 2014; Jean, 2014; Madureira et al., 2015; Salemink, Strijker & Bosworth, 2017).
- Imitation of urban models as the *apotheosis* of qualitative life does not work in the 21st century.
- The goal of modern innovators is to be socially responsive when using local cultures and know-how as key assets for rural development in a different way compared to the development of urban settlements.





4 Research methods and general survey characteristics

5

6



Research methods



- Representative **quantitative empirical study**.
- Survey period: January and February, 2017.
- **Structured interviews** (telephone).
- **Surveyed Lithuanian farmers N=1108** (n=138,9 thous.).
- Statistical conditions: **3 percent error ($\epsilon=0,03$)** and **95 percent ($p=0,5$) confidence level** (Schwarze, 1993).

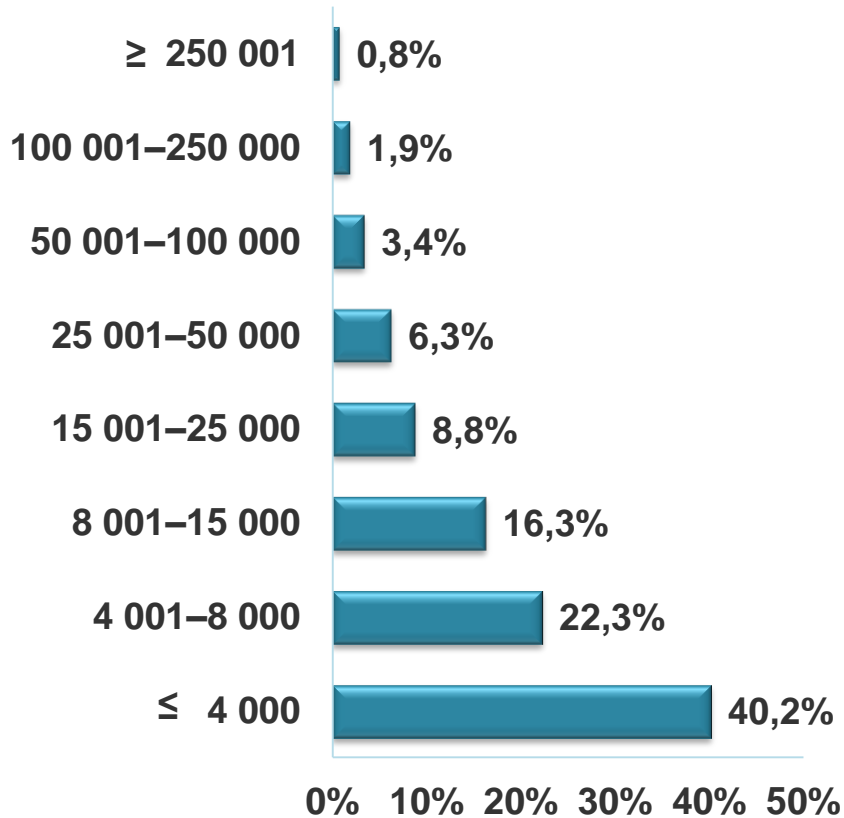


General survey characteristics

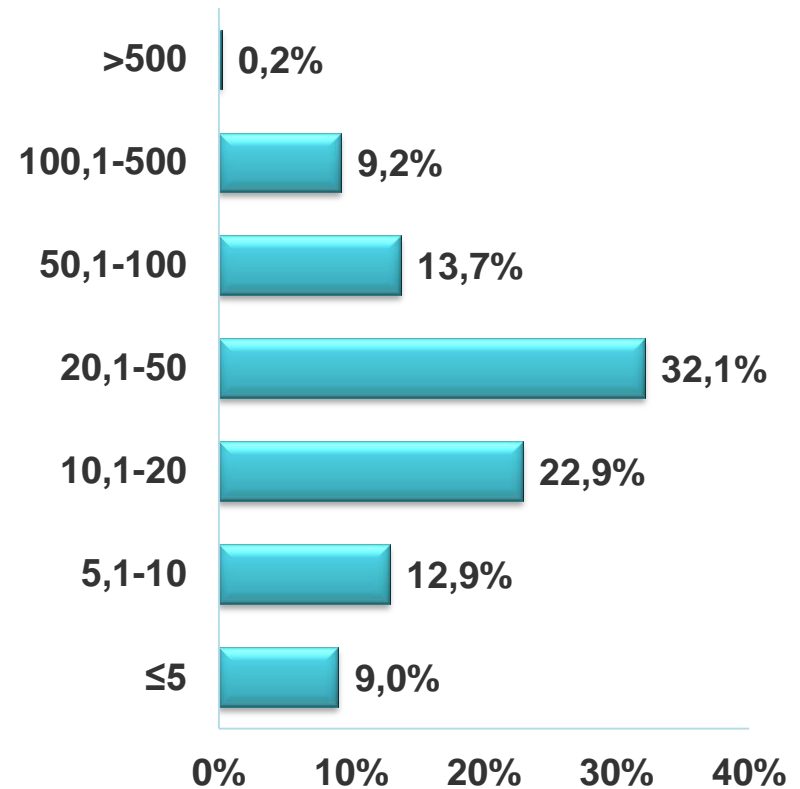
N=1108



Farm size (turnover, Eur)



Farm size (land, ha)

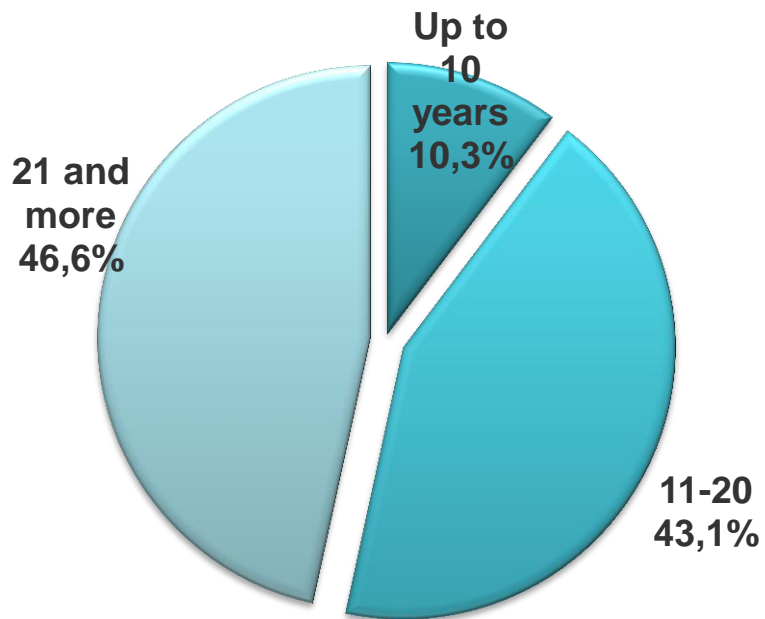


General survey characteristics

N=1108



Farm age (years)



Type of farming

Mixed farms

56,8%

Field crops

25,5%

Livestock

17,7%

0% 20% 40% 60%





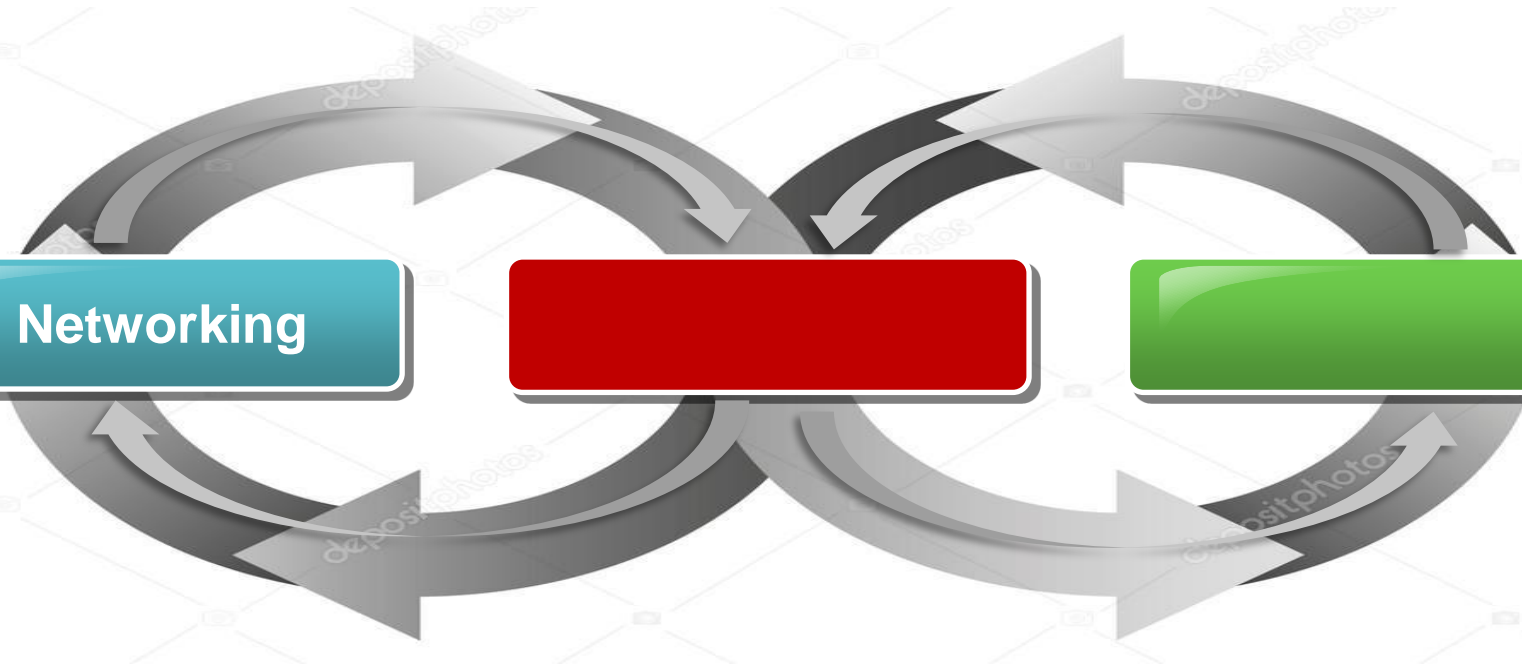
5 Research findings

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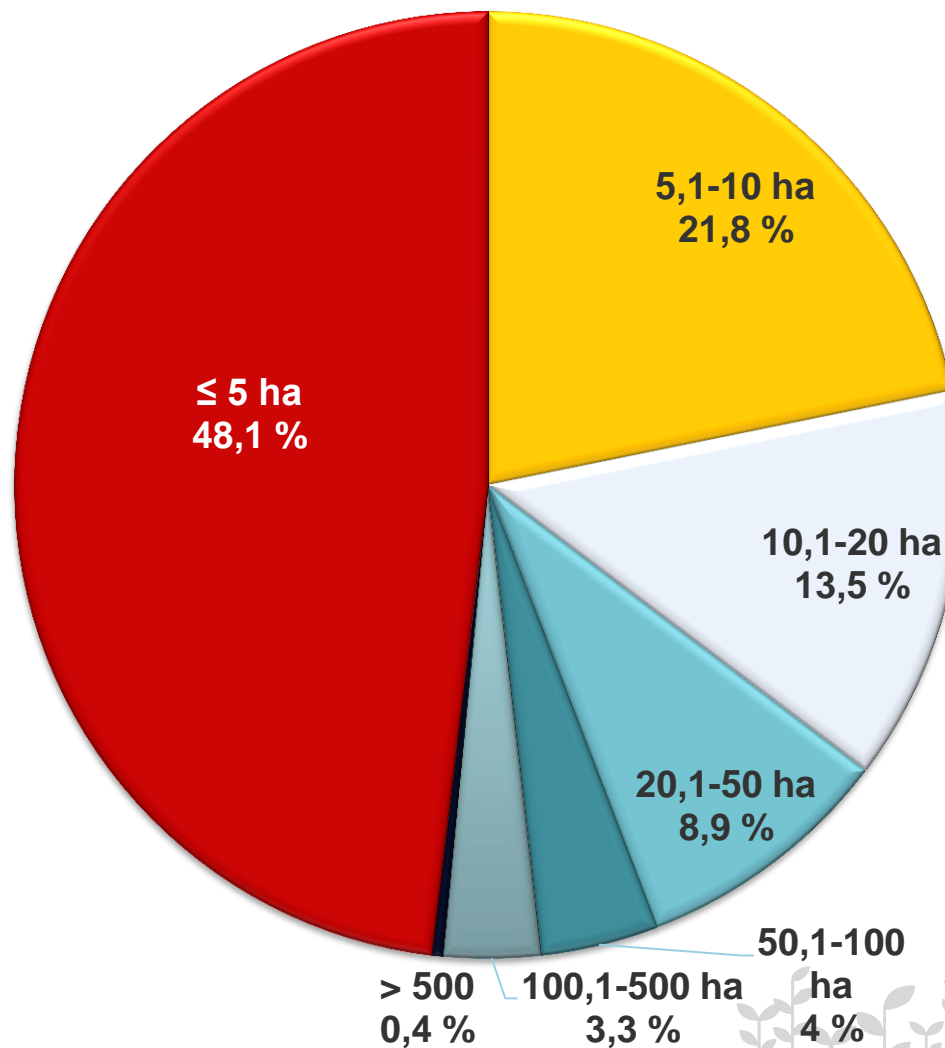
1. Networking



1. Reasons for Networking: Structure of farm size and rural enterprises in Lithuania

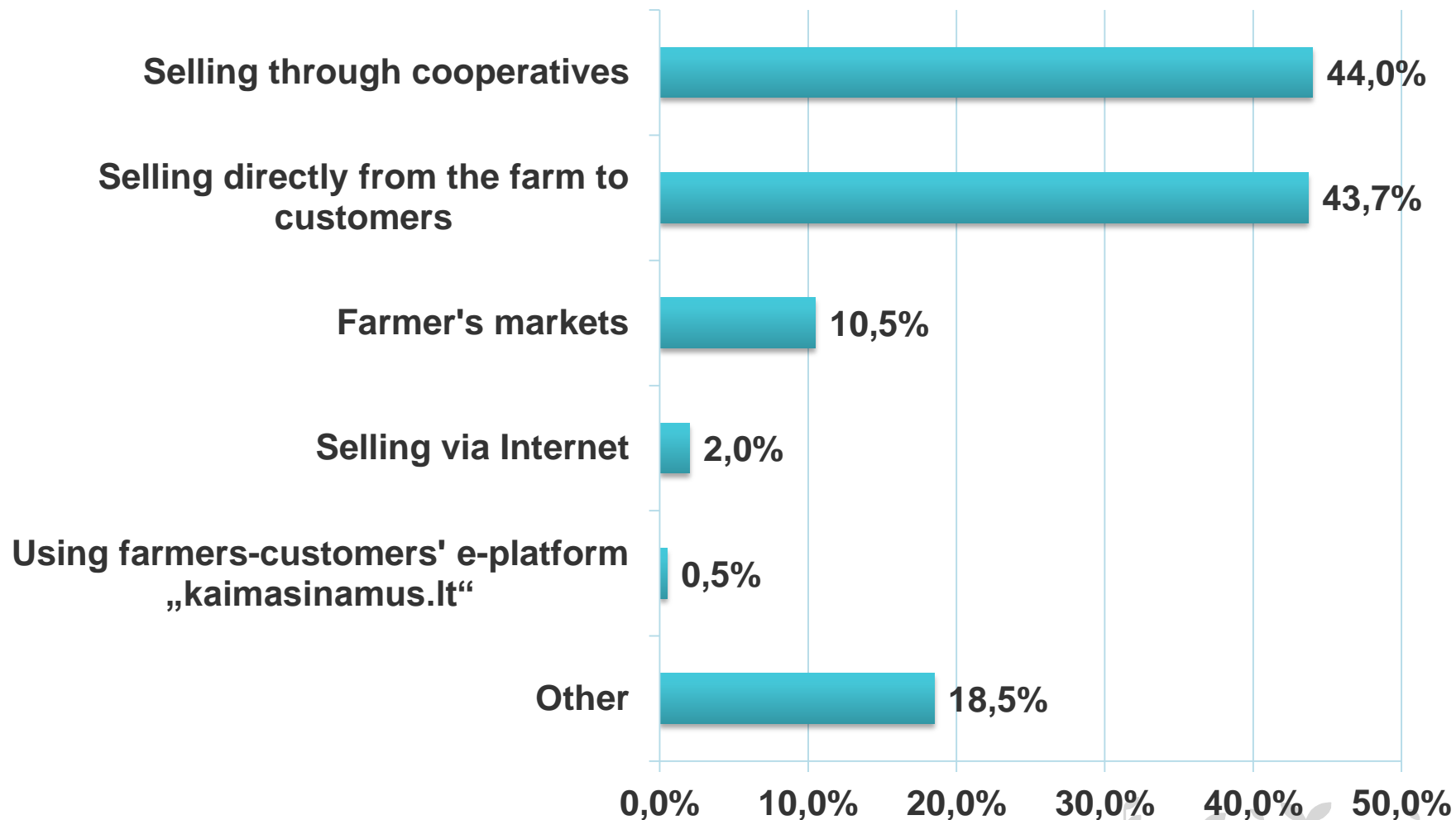


Structure of farms by declared agricultural area in Lithuania in 2016, percent



1. Types of networking

N=1108



1. Who does networking ?

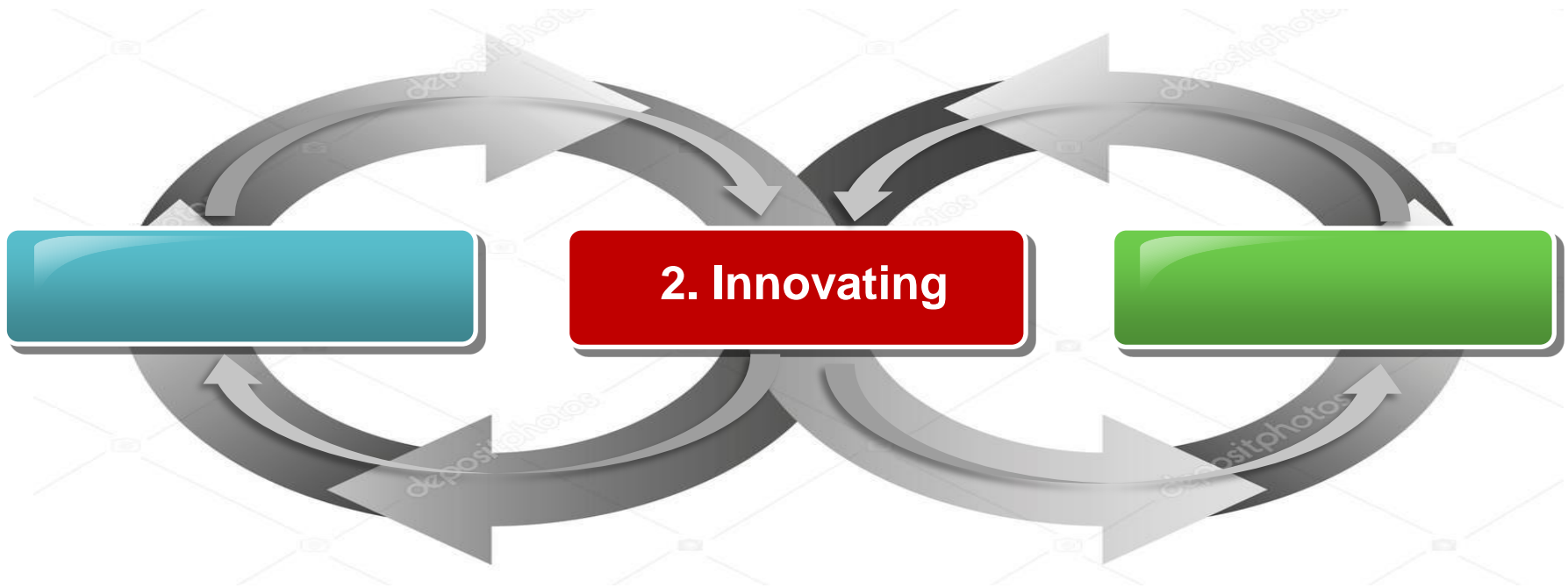
N=1108



All types of networking is most actively performed by farmer's who:

- ✓ hold 20,1-50 ha farms;
- ✓ turnover - up to 4000 Eur;
- ✓ aged - between 40-64 years;
- ✓ education - professional and higher, acquired before 1990;

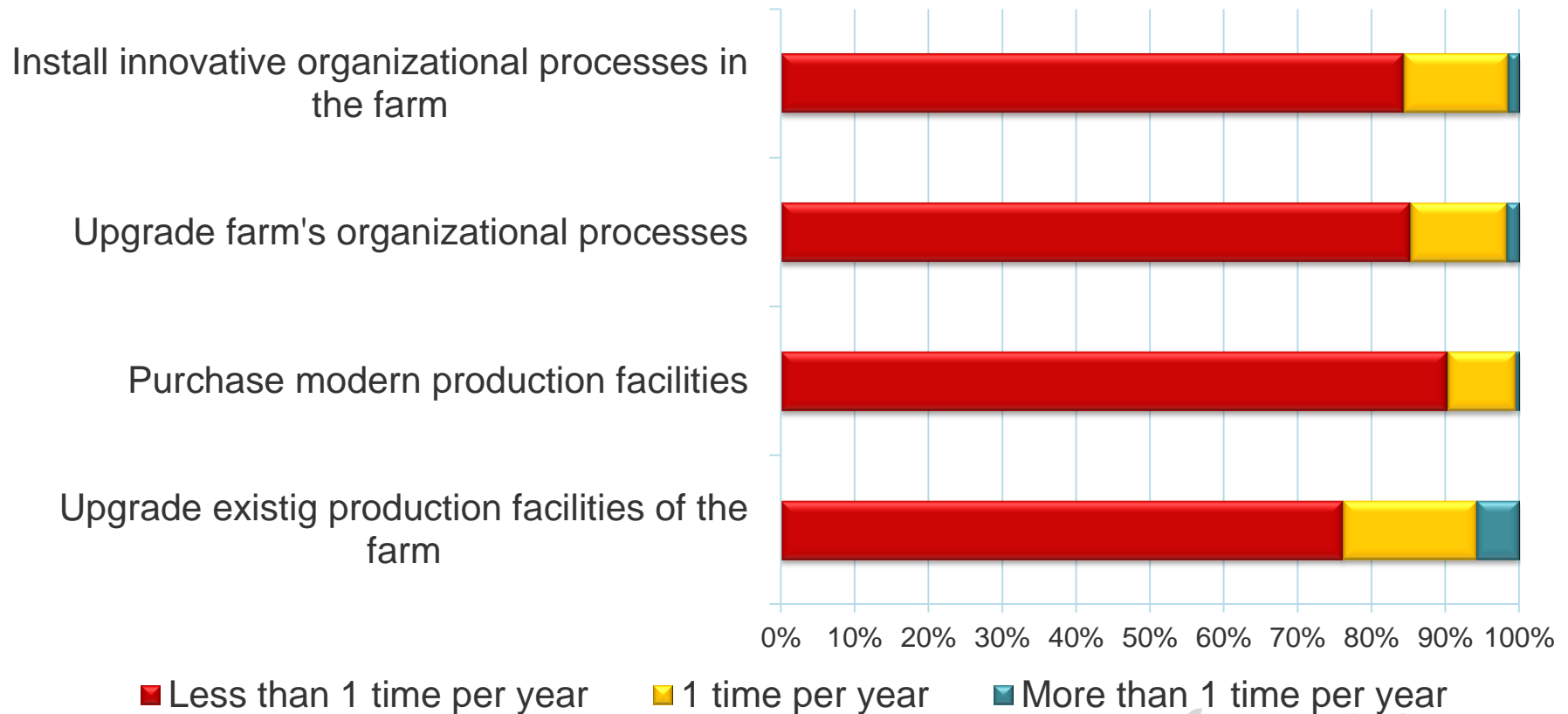




2. Innovating: The state of technical and organizational innovations



The intensity of upgrading and installing facilities and organizational processes as innovations in Lithuanian farms



2. Who innovate? N=1108



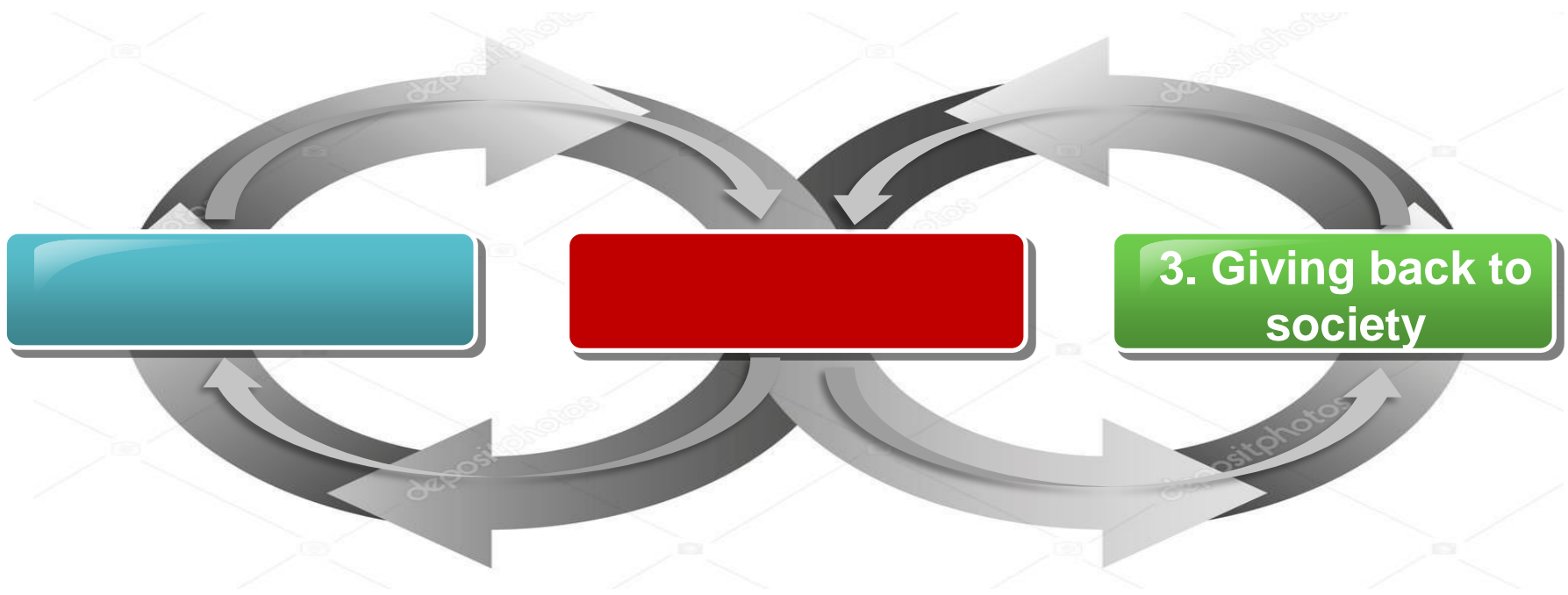
Technical innovators:

- ✓ Medium and big (**20 - 500 ha** and bigger) farms;
- ✓ turnover - **up to 25 000** Eur;
- ✓ **experienced farmers** (21 years and more farming activity; 40-64 years old);
- ✓ **mixed farms**, land of good quality;
- ✓ education - professional and higher, acquired **before 1990**.

Organizational innovators:

- ✓ Small and medium (**100 ha and smaller**),
- ✓ turnover - **up to 15 001** Eur;
- ✓ **experienced farmers** (21 years and more farming activity; 40-64 years old);
- ✓ **mixed farms**, land of good quality;
- ✓ education - higher, acquired **after 1990**.



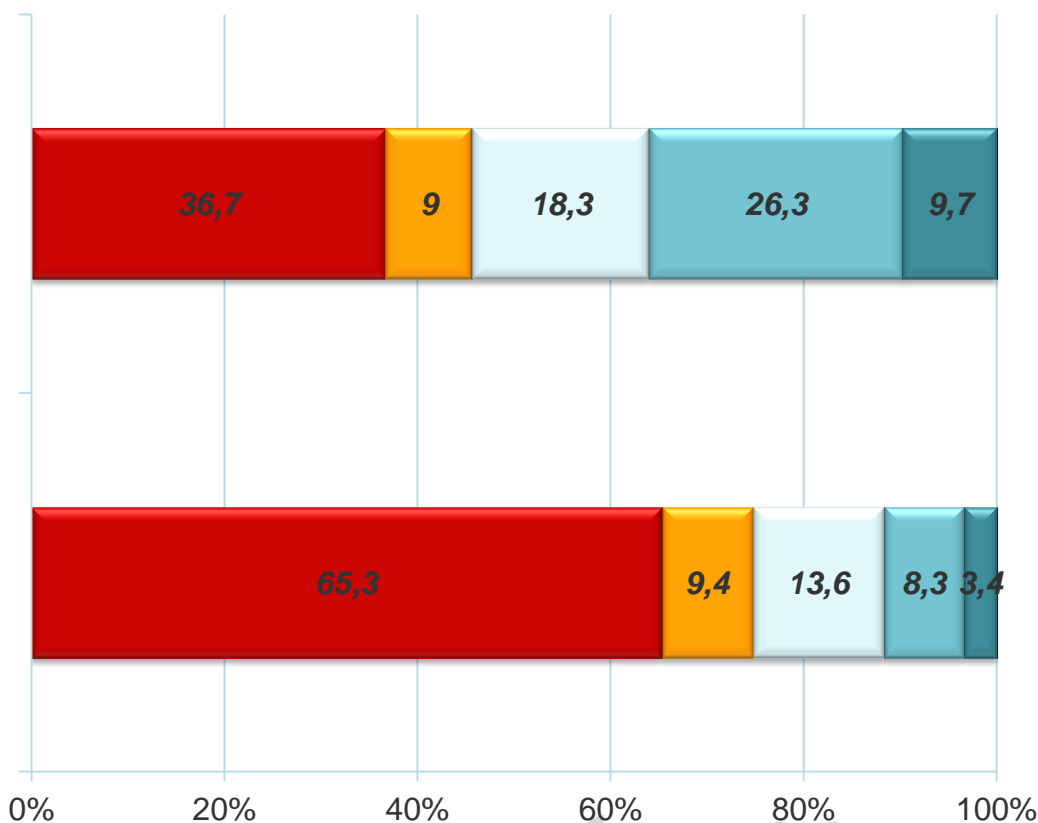


3. Giving back to society



Frequency of farmers' intent to acquire new knowledge for innovation and share it with local community

Sharing the acquired knowledge and experience with the local community, valid percent



■ Never ■ Very rare ■ Rare ■ Often ■ Constantly



***Considering yourself as a member of the
local community,
which could contribute to its development***



Do you consider yourself a member of the local community, which could contribute to its development?



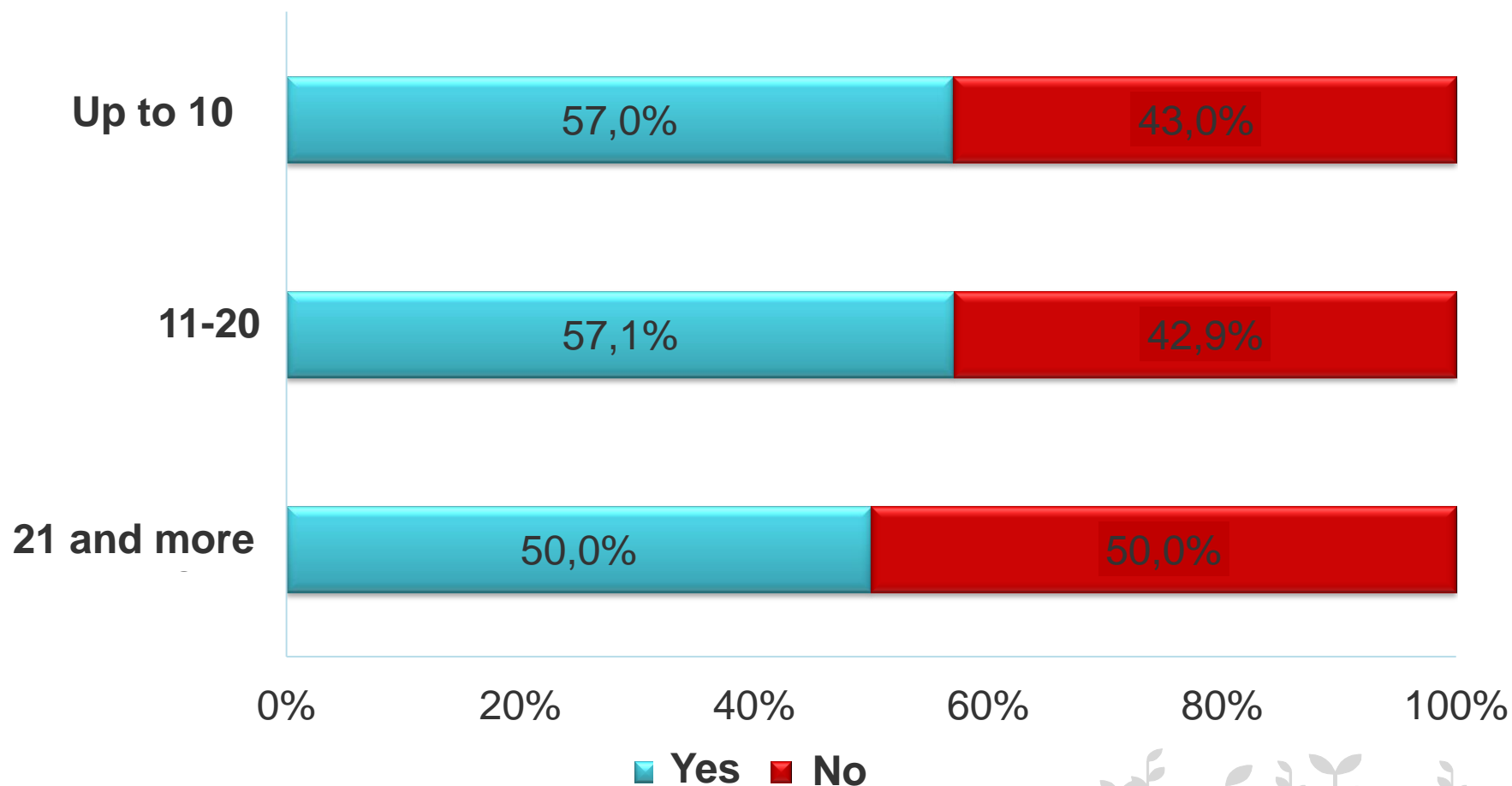
N-1108



Considering yourself a member of the local community



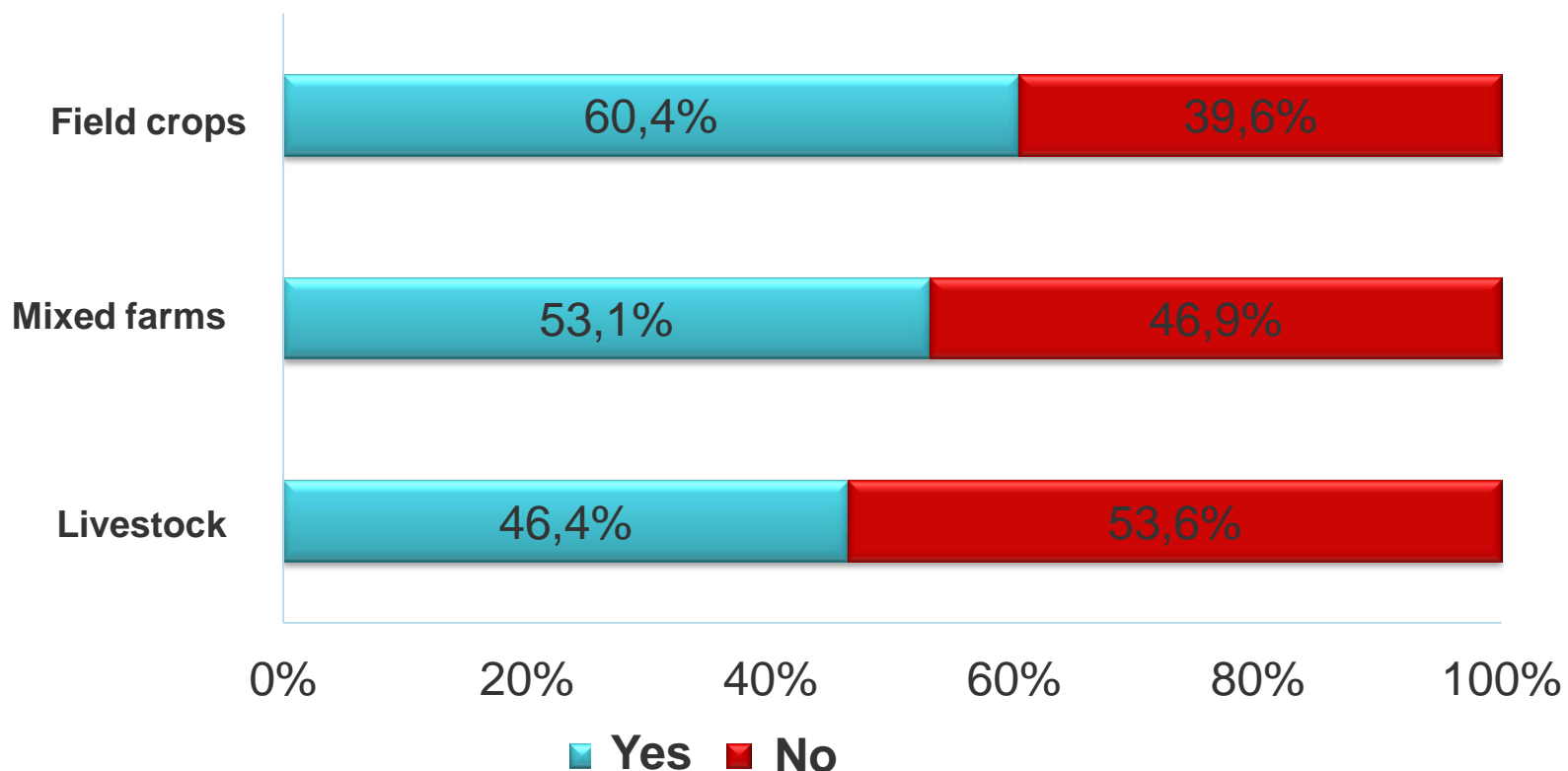
N-1108; Farm age (years)



Considering yourself a member of the local community



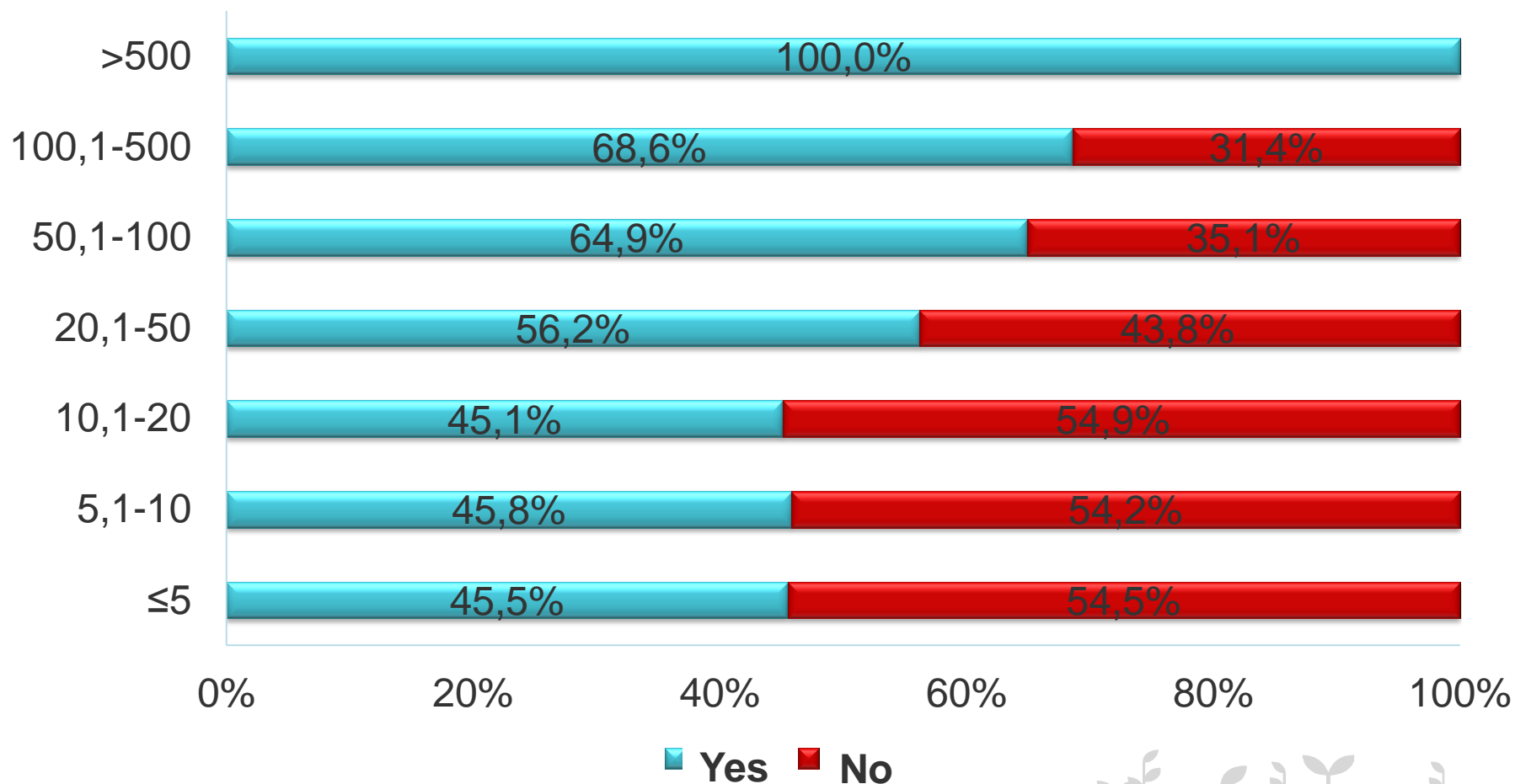
N-1108; Type of farming



Considering yourself a member of the local community



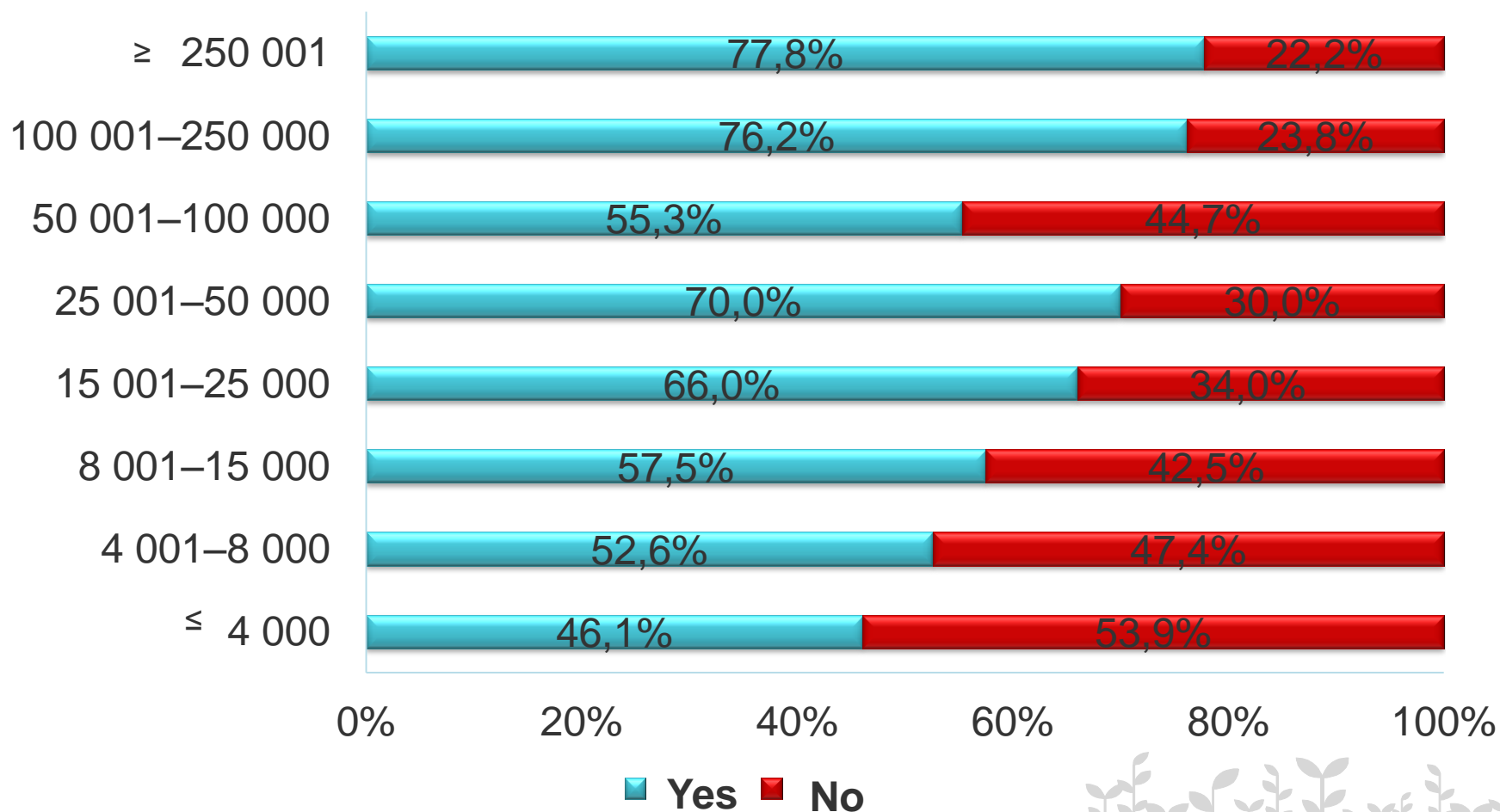
N-1108; Size of the farm, ha



Considering yourself a member of the local community



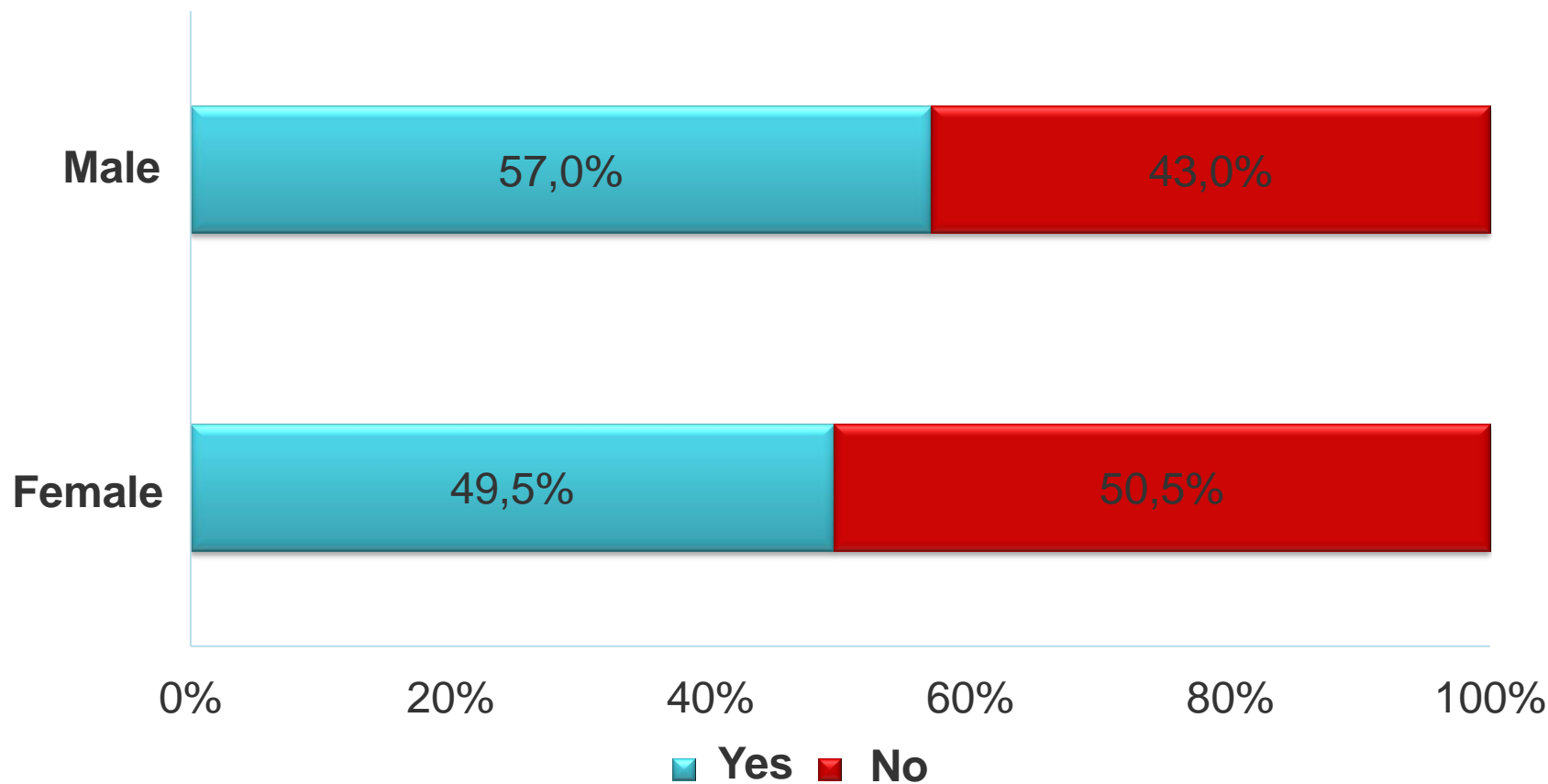
N-1108; Size of the farm, Eur



Considering yourself a member of the local community



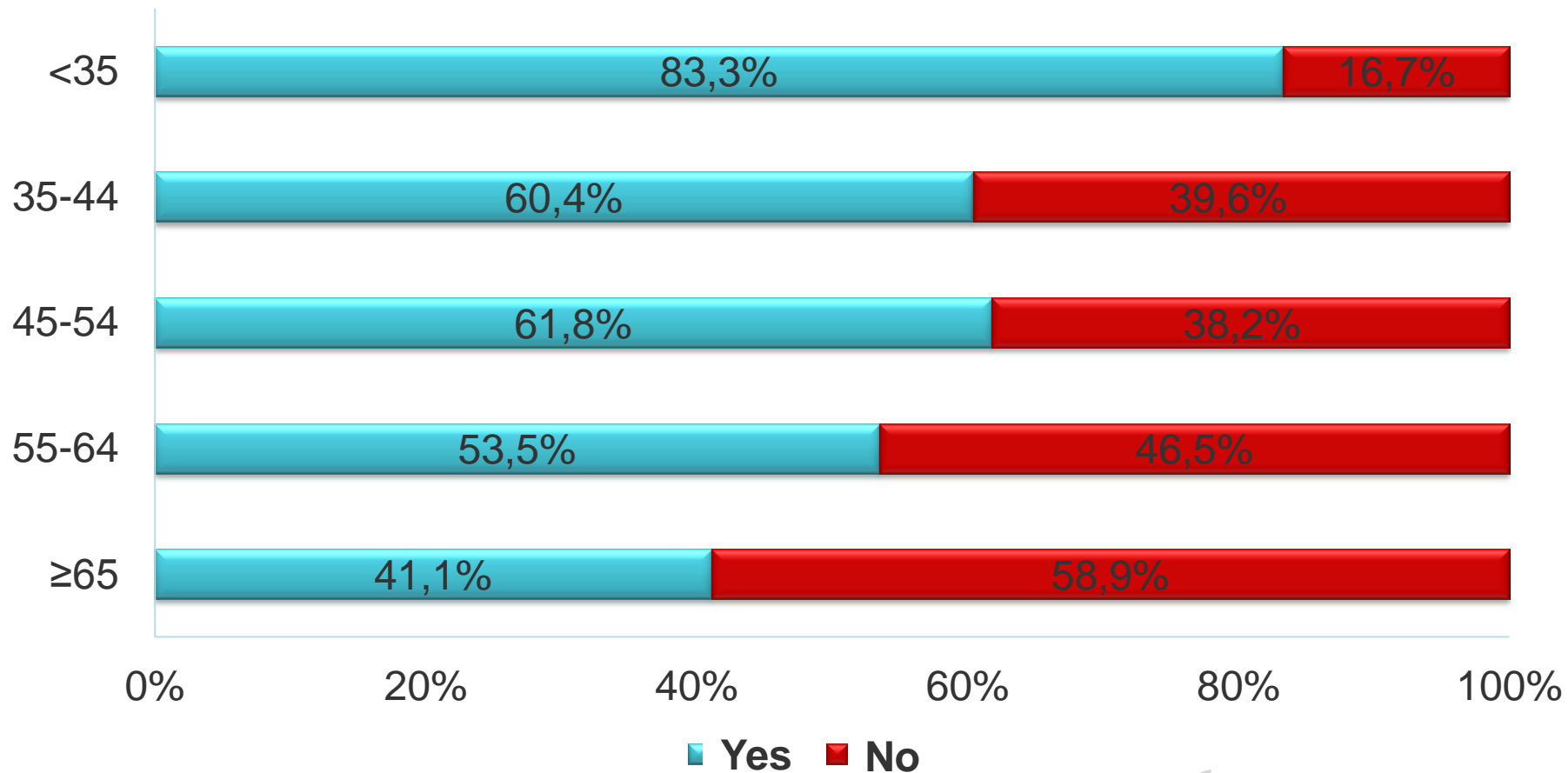
N-1108; gender



Considering yourself a member of the local community



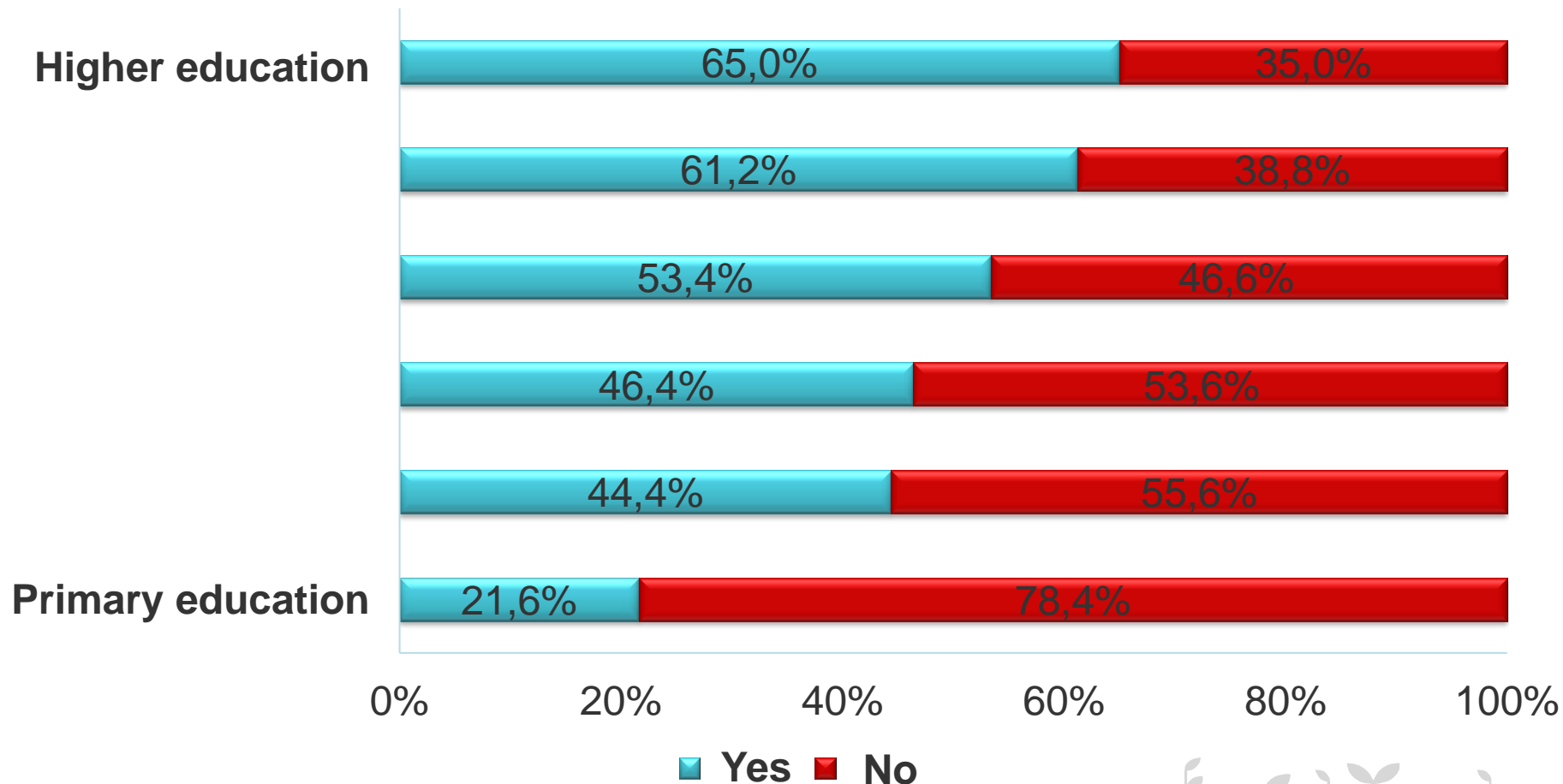
N-1108; Age



Considering yourself a member of the local community



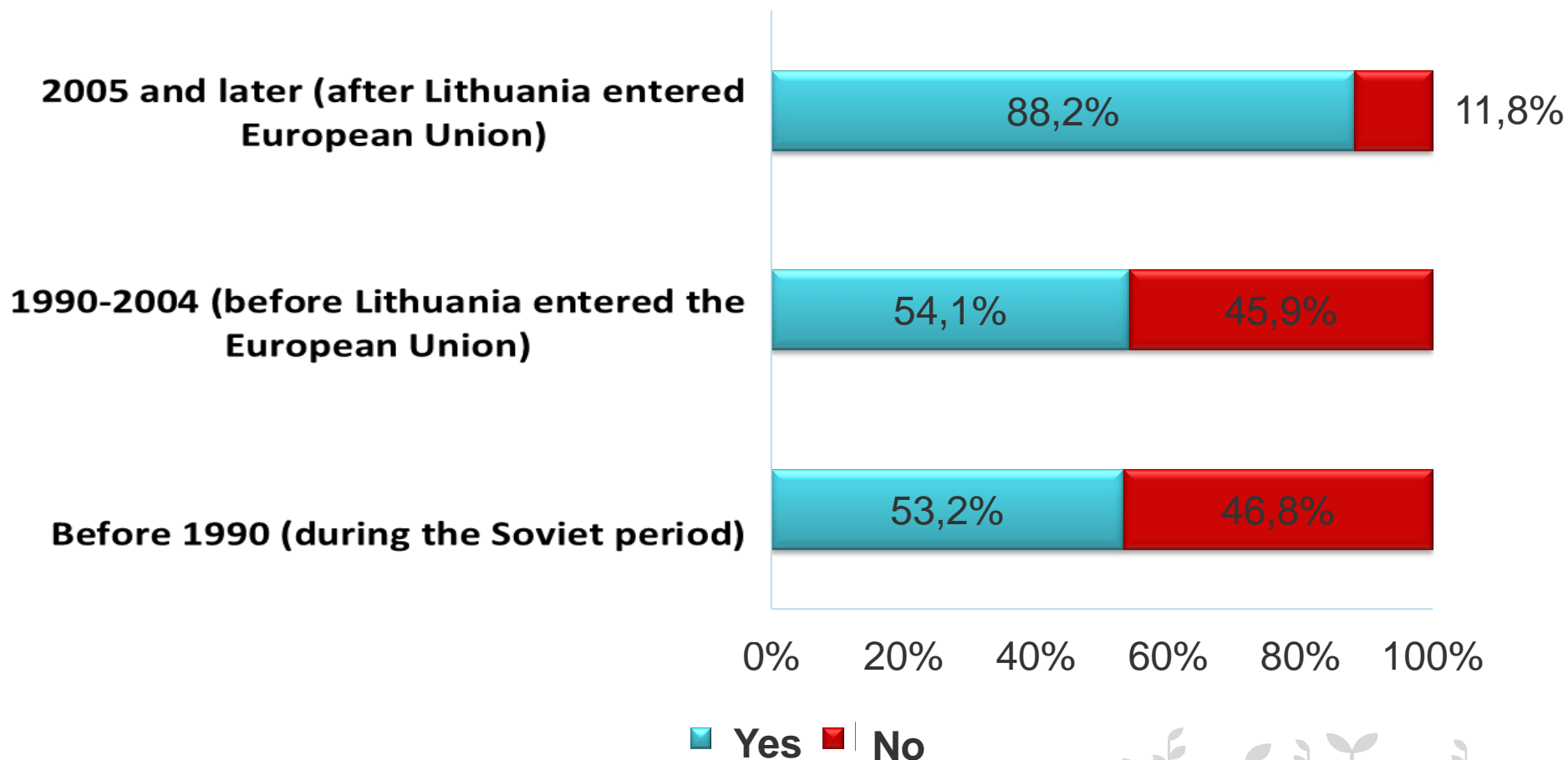
N-1108; Education



Considering yourself a member of the local community



N-1108; period of farmer's education acquired





6 Discussion and conclusions



Conclusions (1)



- Rural prosperity 2020+ **calls for collective, innovative and responsive actions via networking** which might help accelerate the access and acquisition to brand new knowledge as well as spreading these ideas for community in the region, which in total would lead to opening the innovation.
- Rural prosperity 2020+ might come into action in case of existence of **the 3 main factors**:
 - ✓ first, accelerated networking - the **size of farms and rural enterprises** due to the limited number of employees.
 - ✓ second, the shift from **technical to organizational innovations**;
 - ✓ third, the shift from **individual sectorial to responsive territorial rural development strategies**.



Conclusions (2)



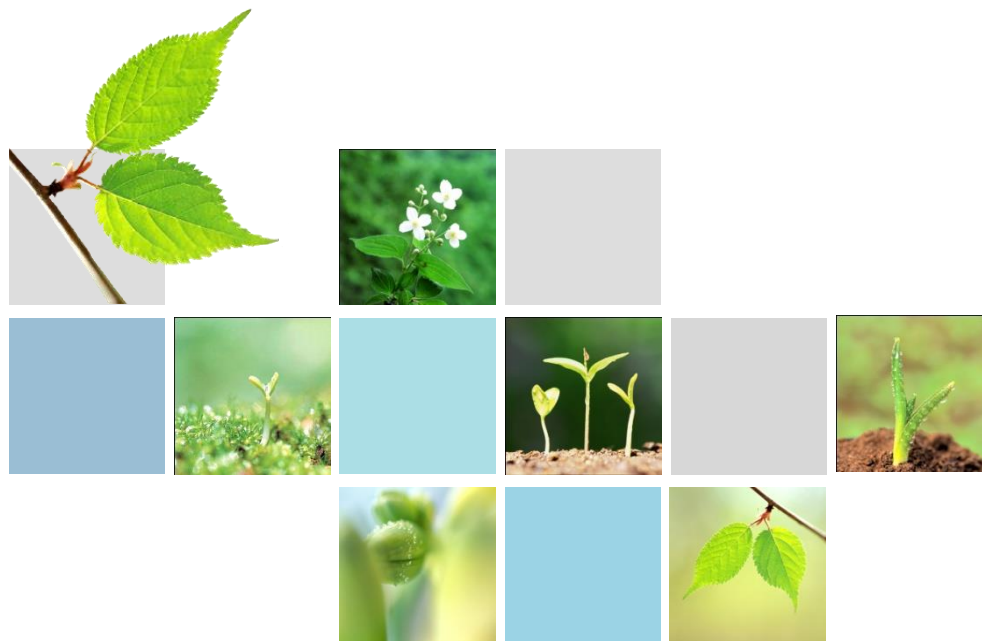
Empirical investigations suggest:

- the **dominance of small farms in Lithuania** leads to use cooperation and **networking as a tools** for successful way of their activity. Farmers of small farms should focus to the implementation of the **collaboration strategy**, to use various two-sided networks and its platforms to start close cooperation between farmers and users of their products
- the state of technical (production facilities) and organizational (farm organizational processes) **innovations in Lithuanian farms demonstrate miserable farmer's attention** as well as inputs with regard to these innovations.
- the measured intense to acquire new knowledge and experience through collaboration with research laboratories and universities and willingness to share this knowledge and experience with local community defined the **nonexistence of the shift from sectorial to territorial strategies** in the name of local community involvement in innovation and rural prosperity process.

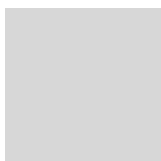
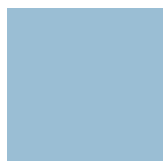
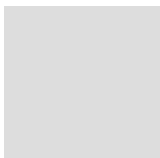




Thank You !



To whom belongs the future of rural prosperity 2020+?



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of agrarian economics

