LIFE AND MATERIAL SITUATION OF FORMER EMPLOYEES OF STATE-OWNED FARMS

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The paper aims at presenting the conditions determining the current social situation of the communities of former employees of State-owned Farms. The situation of the vast majority of former employees and their families indicates that as a social group they are the losers of the systemic transformation processes that occurred in Poland. Their current situation is not just a consequence of liquidation of the State-owned sector in agriculture. It is also a derivative of the external conditions, the overall situation of the economy, the situation in agriculture, particular individual characteristics and mentality of people formerly employed in the sector of socialized agriculture. In the past they enjoyed a very limited scope of “freedom” and individual initiative. As a consequence their readiness to assume vocational responsibility is poorly marked and their motivation for work is limited.

Low, narrow and frequently obsolete qualifications of former State-owned Farms employees are conducive to their exclusion from the labor market, which contributes to inherited unemployment and, as a further consequence, poverty that might lead to permanent marginalization and development of social sub-class.

It is necessary to formulate systemic solutions for problems of those communities as the people living in the areas of former State-owned Farms are unable to solve the situation they are in on their own.

Key words: former employees of state-owned farms, social minimum, minimum of existence.

JEL Classification System: A14

Introduction

Systemic transformation always leads to both economic and social differentiation. Both the winners and the losers appear (Kleer, 2000, p. 210). In the process of privatization in agricultural sector in Poland the new owners or tenants who, having the feeling of social promotion and improving their material status started building up the intermediate social class can be the winners. On the other hand, the redundant former employees of State-owned Farms (PGR) can be the losers. The former State-owned Farms employees are in their majority the losers, as they have not established their own representation of employees, they were scattered and disorganized. Their interests were not represented by political parties or managements of enterprises in which they used to work because the managerial staff of the State-owned Farms searched for positions for themselves in the new social and economic reality (Marks-Bielska, 2005, p. 9).

Several years after liquidation of the PGR, the share of their former employees among the unemployed residents of rural areas is decreasing. A relatively smallest proportion of them found employment, some of them retired with disability or old age pensions, some deceased. On the other hand no new former PGR employees appeared in the market and as a consequence their number decreased. That, however, does not mean that the scale of the problem decreased. To the contrary, in some regions the problems became fixed and deeper (Niedzielski and Domaniska, 2001, p. 20).

The current situation of former PGR employees does not result from transformation of the State-owned sector in agriculture only. It is also a consequence of the external conditions, general status of the economy, situation in agriculture and, in particular, the influence of the past linked to the very nature of the State-owned Farms expressed by employment relations and omnipotence of those enterprises towards their employees (Niedzielski, 2001, p. 5).

Within the area of the present day province of Warmia and Mazury the share of socialized economy in land ownership structure was one of the highest in Poland. The province of Warmia and Mazury is a part of the northeastern region of Poland known for its underinvestment. Excessive domination of agriculture in the social and economic structure of the region decreased the demand flexibility of the labor market. Before 1990 almost 50% of agricultural land in the province was owned by the State-owned Farms.

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Liquidation of those farms in the transformation process was a significant cause of unemployment in the particular area. It is estimated that around 25,000 people lost employment as its consequence. Additionally, the low share of the private sector in nonagricultural sectors of economy contributed to difficulties in adjustment to the new social and economic conditions. Small number of jobs in the existing economic entities and slow process of creating new jobs result in the situation where the northeastern region is characterized by high rate of unemployment (Organiściak-Krzykowska and Marks-Bielska, 2001, p. 42). Former State-owned farming areas are not attractive for location of investment projects as the basic factors determining competitiveness of territorial systems in the global market of capital and investments include widely understood infrastructure, innovation and quality of human resources (Kisiel and Marks-Bielska, 2003, p. 68).

According to Adamowicz (2003, p. 9) adjustment processes have universal character and concern all households – specificity and differentiation of the processes are determined by the environment and background of the households. Adaptation of rural households in the rural environment shows specificity. Adjustment of rural households in rural areas in which State-owned farms once prevailed is a specific case. Household adjustment processes in these areas are associated with the concept of multifunctional rural development.

**Objective and scope of studies**

The study aimed at assessment of the current status and prospects for changes in the social and economic situation of former employees of the State-owned Farms and their families. The paper presents only selected results of the studies concerning living and material situation of the above specified group.

The study was based on the questionnaire method. This is the method of studies the basic function of which is to gather information on the problems of interest to the researcher through the verbal relations of the persons covered by the study called the respondents.

The former employees of a State-owned Farm resident in a typical former State-owned farm village Ksieży Dwór, in southwestern part of Warmia and Mazury province were the subject of the study. The village is populated by 840 people living in 172 households including 35 households of individual farmers and 137 households of former State-owned farm employees.

The questionnaire study was carried out in January 2005. It covered 129 households of former State-owned Farm employees domiciled in Ksieży Dwór (8 households refused participating in the study).

**Discussion of results**

Women represented 51.16% and men 48.84% of the covered population. Several years have passed since liquidation of the State-owned farm and as a consequence the share of people in the oldest and youngest age groups was the lowest. Respondents under 30 years of age represented 11.63% of the group covered, those aged 31-40 represented 25.58%, 41-50 years – 30.23%, 51-60 years – 25.50%, and those over 60 years – 6.98%. Among the families covered 46.51% had two children, 23.26% – three, 20.93% more than three and 9.30% of the families had just one child.

Education is the basic variable differentiating the social status of the individuals and entire social groups. The level of education of the residents in former State-owned Farm villages is generally unsatisfactory. The results of the study show that none of the respondents had tertiary education, 9.31% had secondary education, 62.79% vocational and 27.91% had elementary education only.

Numerous studies show that the level of education has a significant influence on the material status of the households. The material status of the families where their members possess tertiary education are much better than in the families with the head of the family possessing a low level of education.

The data presented in figure 1 show that the lowest average per month income of up to PLN 400 was achieved by almost 14% of the respondents while the highest, exceeding PLN 2600 was achieved by 4.65% of the respondents only.

![Fig. 1. Income structure of the families covered](chart)

**Source:** own studies based on the questionnaire

The social minimum is an important reference point in income studies. The category of social minimum determining the line of low income allows assessment of the threat of poverty. In December 2004, the value of social minimum basket for a couple with two dependent children (the most typical family model in Poland) was
estimated at PLN 2439.60 (i.e. PLN 609.90 per person). For a couple with three children the nominal value of social minimum was higher at PLN 3003.40, but per person it amounted PLN 600.70.

The highest per capita value of that indicator applied to single people. In case of people in productive age group the minimum basket value amounted PLN 826.70 and for a single retired person it amounted PLN 763.50 (Kurowski, 2005a, p. 31).

The minimum of existence, also called the biological minimum, represents the normative model of satisfying the survival-consumption needs at the low level. The existence minimum basket, as opposed to the social minimum, includes the expenses allowing the so-called “survival” only. In December 2004, the value of the existence minimum basket for a couple with two dependent children was estimated at PLN 1210.10 (i.e. 302.10 per person), and for a couple with three children the minimum existence amount was PLN 1550.40 (i.e. PLN 310.10 per person). The highest per capita value of that indicator applied to single people. In case of the people in productive age group that value amounted PLN 371.20 and for a single retired person it amounted PLN 367.70 (Kurowski, 2005b, p. 32).

Among the surveyed households (depending on the household type) 86.05% live below the social minimum while 65.11% of the families covered live below the existence minimum. Own studies1 conducted in 2000 indicate that income of 87.93% of the families living in settlements of the former State-owned farms did not reach the level of social minimum. Studies by Organisćak-Krzykowska (2005, p. 231) conducted in 2000 in Warmia and Mazury voivodship revealed that 62% of the families from former State-owned farms did not reach the income at the level of social minimum and that in every third family that income was at the level of a half of the social minimum.

The scale of daily problems of the residents in former State-owned Farm village is additionally indicated by analysis of answers concerning the family’s material situation including expenditures they can cover and expenditures they have to resign entirely (Table 1).

### Table 1. Assessment of the income situation of families covered

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>L*</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not enough money for food</td>
<td>15</td>
<td>11.63</td>
</tr>
<tr>
<td>2</td>
<td>Money is sufficient for food only</td>
<td>30</td>
<td>23.25</td>
</tr>
<tr>
<td>3</td>
<td>Money is sufficient for food and clothing</td>
<td>6</td>
<td>4.65</td>
</tr>
<tr>
<td>4</td>
<td>Money is sufficient for food; clothing and fees</td>
<td>69</td>
<td>53.49</td>
</tr>
<tr>
<td>5</td>
<td>Money is sufficient to cover all expenses</td>
<td>6</td>
<td>4.65</td>
</tr>
<tr>
<td>6</td>
<td>Money is sufficient for all expenses and a part of income can be saved</td>
<td>3</td>
<td>2.33</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>129</td>
<td>100.00</td>
</tr>
</tbody>
</table>

L*: number of persons

Source: own studies based on the questionnaire

More than a half of the respondents (53.49%) had enough funds for food, clothing and fees, 23.25% of the respondents had sufficient funds for food only and as many as 11.63% had funds insufficient for even food. Only 6.98% stated that they had sufficient funds for everything and a half of them could save some of the money earned.

Results of the studies conducted in 2000 in Lubuskie voivodship among former labor of State-owned farms show that the vast majority of the respondents (70%) stated that they belonged to the group of poor or impoverished people while 30% stated that they were medium affluent. None of the respondents classified himself/herself as rich (Sikora, 2001, p. 410).

The source of income is one of the main characteristics determining the material status of the family as the source of income forms the base of existence and living standard of the family. Analyzing the sources of income it can be noticed that majority of families receive their income from full time jobs. The remaining households were supported mainly by pensions, disability pensions, benefits and temporary jobs (Table 2).

Compared to the studies by Domińska (2003, p. 137) conducted in 2001 in Warmia and Mazury voivodship among former State-owned farms employees a positive increasing trend of the share of income obtained from full time employment, which in that study was 24.22% – respondents, 27.95% — spouses, 14.91% — other persons in the household can be noticed. That could indicate an increase in activity of former State-owned farms employees applying for a job. That situation was also influenced by loss of the rights to the dole and lack of any source of income in case of many people.

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1R. Marks-Bielska’s the doctoral thesis “The factors shaping a social and economic situation of the former employees of state-owned farms during the period of the system transformation”. The doctoral thesis deals with the social and economic issues concerning transition of the former state-owned farms during the period of the government system transformation (until 2000). The researches were to assess the present condition and prospects for changes with reference to the situation of the former state-owned farm workers. The research, which was carried out in 2000, covered 6 gminas of Warmińsko-Mazurskie Voivodeship (Barciany, Dąbrowo, Granwald, Kętrzyn, Korsze, Miłakowo), which at the same time met three criteria: 1. they were within the range of activity of Olsztyn Regional Branch of Agricultural Property Agency of the State Treasury (now - Agency of Agricultural Property), 2. they were contained in the poviats with the highest rate of unemployment (as for 31 January 2000), they were gminas, where the state-owned farms responsible to the Ministry of Agriculture and Food Management and Voivode, occupied more than 50% of the total area (as for 1 January 1990).

The research was carried out among 600 former state-owned farm workers. There was used an opinion poll method, which comprised of the following research techniques: an interview on the basis of the developed survey, participating observation and document analysis.
The proportion of respondents was assessed using support from the Municipal Social Aid Center (GOPS) while 11.63% had no right to such aid. Assistance from the Agricultural Property Agency (ANR) was used by 25.58%. The dole from the County Labor Office was received by 9.30% while 11.63% had no rights to the dole.

Financial aid was the most frequent form of aid provided by GOPS (52.38% of respondents), followed by assistance in the form of assistances in the form of lunches for children (38.10% of respondents). As concerns the assistance offered by ANR most frequent from of aid were the scholarships received by learning children from 23.08% of the families. The assistance in the form of subsidies to costs of travel subsidy for children attending school and refund of purchases of course books and school aids for children was used by 38% of the respondents while payments for school lunches –7.69% of the respondents. Almost 26% of respondents asked family for help while less than 8% used help of friends and neighbors.

Living conditions are another important component influencing the living standards and degree of satisfying the needs of the family. They consist, among others, of housing conditions and equipment of the residential units with utilities and household equipment. Valuation of the housing conditions and equipment of households with long-term use goods indicates that their situation is relatively good. All respondent households had a kitchen, at least one room and a bathroom. All had utilities in the form of running water, electricity and central heating.

Analysis of the data on household equipment showed that all respondents possessed a refrigerator and a washing machine, 97.67% of the respondents possessed a TV set and vacuum cleaner, 41.86% a microwave, 32.56% a car, 27.91% a video, 23.26% a computer and 4.65% a video camera.

The respondents were asked to assess their chances to improve the material standing of the family. 37.21% of the respondents declared that the situation can change. It was difficult for them to decide whether it will improve or deteriorate. According to 25.58% of the respondents the situation will be increasingly difficult, 18.6% of the respondents did not expect the improvement the material standing of their households at all, 11.63% stated that the situation will improve in the future and 6.98% were unable to assess their situation. Almost all the respondents (93.02%) expected material aid from various institutions. The majority of respondents indicated that monthly income sufficient to support and satisfy basic needs of the household. Almost half of respondents (44.19%) should amount PLN 1501-2000, 39.53% of the respondent assessed that income for up to PLN 1500, 9.30% at above PLN 3000, 4.65% at PLN 2501-3000 and 2.33% at PLN 2001-2500. According to Kawczyńska-Butrym (2004, p. 102), who conducted studies, in 2002 in Warmia and Mazury as well as Lubuskie voivodships covering 352 women residing in settlements of former State-owned farms two following basic strategies for solving the existing social and economic problems are necessary: 1. strategy of immediate reaction to shortage of cash and food occurring in many families of former State-owned farms employees (including psychological support) and 2. long-term strategy allowing activation of local communities (restructuring funds) and the residents there to get out off the difficult situation they found themselves in.

Kalski and Lazarczyk (2005, p. 36), analyzing the results of own studies conducted in 2005 on the population of 478 former State-owned farms employees from Opole voivodship showed that activities aiming at improvement of the living situation of former State-owned farms employees should head for two general directions: 1. current activities – assuring periodic employment appropriate for

### Table 2. Source of income in the households covered

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Total</th>
<th>Respondent</th>
<th>Spouse</th>
<th>Other persons in the household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>L%</td>
<td>L%</td>
<td>L%</td>
<td>L%</td>
</tr>
<tr>
<td>1.</td>
<td>Full time employment</td>
<td>112</td>
<td>34.89</td>
<td>60</td>
<td>47.62</td>
</tr>
<tr>
<td>2.</td>
<td>Part time employment</td>
<td>12</td>
<td>3.74</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>3.</td>
<td>Work abroad</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>4.</td>
<td>Occasional work</td>
<td>36</td>
<td>11.21</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>5.</td>
<td>Dole</td>
<td>36</td>
<td>11.21</td>
<td>18</td>
<td>14.29</td>
</tr>
<tr>
<td>6.</td>
<td>Social benefits</td>
<td>6</td>
<td>1.87</td>
<td>6</td>
<td>4.76</td>
</tr>
<tr>
<td>7.</td>
<td>Child care/maternity benefits</td>
<td>6</td>
<td>1.87</td>
<td>6</td>
<td>4.76</td>
</tr>
<tr>
<td>8.</td>
<td>Pension/disability pension</td>
<td>72</td>
<td>22.43</td>
<td>24</td>
<td>19.05</td>
</tr>
<tr>
<td>9.</td>
<td>Maintenance</td>
<td>10</td>
<td>3.12</td>
<td>4</td>
<td>3.17</td>
</tr>
<tr>
<td>10.</td>
<td>Other</td>
<td>6</td>
<td>1.87</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>11.</td>
<td>No income</td>
<td>25</td>
<td>7.79</td>
<td>8</td>
<td>6.35</td>
</tr>
<tr>
<td>12.</td>
<td>Total</td>
<td>321</td>
<td>100</td>
<td>126</td>
<td>100</td>
</tr>
</tbody>
</table>

*L* – number of answers, respondents could give more than one answer

Source: own studies based on the questionnaire
the vocational abilities of such people; this should be accompanied by activities of the county labor offices in, among others, activation of the unemployed and reaching them with training offers and 2. long-term activities including vocational counseling, employment intermediation, legal assistance, rational use of the assets of former State-owned farms, promotion of the idea and importance of permanent education.

Results of own studies by Marcinkowski and Sobczak (1993, p. 23), Niedzielski (2001, p. 3), Kawczyńska-Butrym (2001, p. 170), Domańska (2003, p. 197) and Psyk-Piotrowska (2001, pp. 35–40) have proven that in the areas of former State-owned farms the more promising option is to create opportunities of hired employment than promoting own business activity of former State-owned farms employees. Capital resources, level of qualifications and personality characteristics cause that in that group of people only in a few cases we could find potential candidates for entrepreneurs.

Studies by Stanny-Burak and Sasin (2002, p. 135) conducted in Zachodniopomorskie voivodship indicate in regard of education and structure of employment the population dependent on private farming in former State-owned farms areas is also unprepared to meet the challenges of the market economy.

Solving the social problems of population employed in the past in the State-owned agriculture sector is a very complex issue. That is confirmed not only by Polish experiences but also by experiences of other post-communist states. As shown by Fuchs (1999, p. 160) in analyzing the consequences of changes occurring during the transformation process in new German lands, this is, among others, a consequence of the specific characteristics of people employed in the socialized agriculture sector developed during many years. In the past they enjoyed a very limited scope of “freedom” and individual initiative. As a consequence their readiness to assume vocational responsibility is poorly marked and their motivation for work is limited.

Conclusions

During the early 1990s the processes of ownership transformations in agriculture started in Poland aiming at increasing economic effectiveness of business entities. Liquidation of State-owned Farms and incorporating them into Agricultural Property Resources of the State Treasury resulted from the transformation. The majority of employees lost their jobs. Being former employees of the State-owned Farms, creating the community of Former State-owned Farms’ employees, need to solve problems resulting from transformation of the State-owned agriculture.

In the communities of former State-owned farms the share of people who in the past vocationally were involved in the State-owned farms decreases. A change in the social structure of those communities is taking place. Nevertheless the nature and scale of the problem does not change. This results among others, from the fact that the level of vocational activity and vocational structure of the surveyed communities do not change much. This is a consequence of a lack of or excessively limited changes in the structure of business entities in the areas where State-owned sector dominated in agriculture before transformation. The communities of former State-owned farms residents develop communities of people with no alternative, they enforce the status quo taking the past into the future.

Education is one of the important factors influencing the material differentiation among former employees of the State-owned Farms. The level of income and living conditions depends to a high extent on education and, in consequence, vocational qualifications. The social package offered by State-owned agriculture attracted mainly uneducated people with low income and with no vocational development perspectives. The largest proportion of the respondents possessed only vocational education (62.79%).

In the covered community, as a consequence of liquidation of the State-owned Farm in Księży Dwór, 50% of the respondents lost their jobs. The studies indicate that the number of people currently unemployed changed slightly. Almost 49% of the respondents are still looking for a job.

The permanent lack of a job or occasional jobs, frequently in the gray zone, and as a consequence extensive dependence on social aid institutions are characteristic for many former State-owned Farms’ employees. In the covered community 30% of the respondents benefited from the aid provided by the Municipal Social Aid Center, 25% by the Agricultural Property Agency and 9% by the County Labor Office. The results of the studies also showed that 93% of the respondents expected material aid.

Dependence on social aid institution over an extended time may represent continuation of long years of culture built by the State-owned Farms. In the same way as in the earlier times the entire family life depended on the State-owned Farm’s infrastructure, today it depends on the social aid.

The so far made proposals by various institutions (e.g. Municipal Social Aid Center, Agricultural Property Agency, County Labor Office) solve only the current problems of former employees of State-owned farms. An adjustment in the activities taken so far is necessary. More attention should be focused on the activation of communities of the former State-owned farms. Such programs should be targeted on young people with potential for relatively fast changes in the mentality and adaptation to the surrounding social and economic reality. It is impossible to run policy aiming only at providing these pe-
people with social benefits without any equivalent from those, who receive such benefits as such a situation gives no motivation or mobilization for work, it kills activity, supports pathologies to which young people are particularly susceptible. Thus, it is necessary to organize a larger number of training programs targeted at people with low level of education, low self-esteem and aspirations, brought up in the community with no models of behaviors motivating for achievement of the set goals. In case of the people in pre-retirement age group application of social programs seems more appropriate as activating activities give effects that do not match the costs of implementation of such activities.

Former State-owned Farms are locations of multiplication and accumulation of many negative phenomena such as unemployment, poverty, marginalization, lack of perspectives and pathologies. These phenomena and processes in an obvious way draw attention to the young generation. It is well known that poverty and unemployment in surveyed communities had and still have influence on the current situation and prospects for the future of the children of former employees of the State-owned farms growing up within new circumstances and, frequently, experiencing a very difficult financial situation of the family.

Without institutional help of the State in removing barriers to access to education of the youth from the former State-owned farm communities is far from possible. The Agency of Agricultural Property, as of January 1, 2005, has not taken any actions aimed at vocational activation and social assistance to former employees of State-owned farms. The only program implemented until June 30, 2005 was the program of scholarships.

The Council of Ministers, in the Resolution 39/2006 of March 28, 2006, approved the Government program for equalizing the educational opportunities of students from families of former State-owned agricultural enterprises for the years 2006-2008, which is a part of the National Program of Scholarships included in the list of Government strategic documents. This program continues the program of scholarships implemented by the Agency of Agricultural Property targeted at students starting education at public secondary schools offering the opportunity to obtain a certificate of secondary education.

The Program of Gap-Closing Scholarships implemented by the Enterprise Educational Foundation operating in agreement with the National Bank of Poland, Polish-American Freedom Foundation, Bank Poczty S.A., PZU Foundation, Jan Kanty Steczkowski Foundation, BRE Bank S.A. Foundation and Polskie Młyny S.A. company with organizational support of the Agency of Agricultural Property can represent another step in acquiring funds for further education of youth from families of the former employees of State-owned farms. The program aims at helping such youth in overcoming the barriers involved in starting education at a tertiary school by awarding scholarships for the first year of the full time master degree studies.

An opportunity can also be offered by the European Union Structural Funds (Integrated Regional Development Operational Program) within e.g. measure – equalizing educational opportunities through scholarship programs. The scholarships are intended for students from marginalized areas and for sure areas of former State-owned farms are such areas.

Individualized and targeted aid taking into consideration personal characteristics of residents in settlements that used to be part of former State-owned farms is necessary. Such activities should aim, at their initial stage, at creating the minimum conditions of existence and next offering the opportunities for development.

Unemployment in the former State-owned Farms communities contributing to pauperization and deprivation of the needs of former employees and their families, and as a further consequence leading to permanent social and economic marginalization of these communities represent a general social problem. Although, several years since the liquidation of State-owned Farms have passed, the mechanisms and attitudes hindering social assimilation of the former State-owned Farms employees’ communities are becoming fixed. The situation is also influenced by unfavorable situation in the national labor market, and in particular in the covered region. It seems unreal that former employees of the State-owned Farms living in the areas with poor social and economic background could become creators of changes in the local communities. Defining systemic solutions of that problem are necessary.

References