



Portfolio entrepreneurship in farming: Empirical evidence from the 1881 census for England and Wales



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1. Introduction

This paper examines portfolio entrepreneurs: those who operate more than one business at any one time. It focuses on the conditions that influence the occurrence of multiple businesses as compared with single business. Empirical evidence on the choice between portfolio entrepreneurship and a single occupation are scarce. In particular, most previous studies discuss the incidence of portfolio entrepreneurship without providing further insights into what influences the decision to engage in multiple activities. To fill this gap in the literature, our objective is to test empirically the factors that affect choice. Drawing for the first time from the historical resource of the 1881 census data for England and Wales, we use a multi-level logit model to explore how employee size, farm size in acres, population density, age, gender, marital status, household size, the entrepreneurial ratio, and regional heterogeneity affect the probability of portfolio entrepreneurship. This historical resource allows a unique whole population analysis which offers opportunities, for the first time, to compare factors influencing portfolio choices between modern and past farming practices.

Our study offers several contributions to the literature on portfolio entrepreneurship in farming. First, it is among few empirical studies to investigate the determinants of portfolio

entrepreneurship in the farming sector. Second, besides common factors, such as farm size, number of employees, gender and age, we also model the impact of the population density on the probability of portfolio entrepreneurship, thus offering empirical evidence of the effect of urbanization and local market potential. Third, our study provides an historical perspective on portfolio entrepreneurship more generally. The insights gained from this early period of portfolio development indicate that historical features are remarkably similar to modern developments in both level of portfolio activity and explanatory factors underlying it.

In addition the paper also seeks to engage with recent suggestions of the importance of combining greater historical insight with the modern entrepreneurship research. These suggestions have come from the perspectives of contemporary researchers such as Aldrich (2012) who has lamented the limitations of entrepreneurship research as an academic field, or Carter and Ram (2003) and Alsos et al. (2011, 2014a, b) who have focused on the changing role of households and families in farming and other businesses. Wadhwani (2015) and Perchard et al. (2017) note that much modern research on entrepreneurship has failed to understand the historical context of the data and the role of contingency. It has also been suggested that some business history can be better understood in the context of modern entrepreneurship theory (Casson, 2010; Casson and Casson, 2013). Indeed there has been a long-running debate between those focused on case studies in business history and those advocating a more systematic approach (see especially McCloskey, 1981). To some extent these issues arise because of the lack of large scale historical data on a comparable basis to modern surveys that allow comparative study. This paper seeks to begin a greater exchange between these different approaches by focusing on the issue of portfolio farms using the newly available large scale electronic database of the nineteenth century census.

The remainder of the paper is organized as follows. The next section discusses theoretical considerations about portfolio entrepreneurship, with a focus on the farming sector. We then summarise previous empirical literature, comparing modern and historical cases. Then we present our methodology, the data used in the study and our empirical strategy. The penultimate section presents and discusses empirical results for the whole sample as

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well as for each region separately. The final section concludes and assesses the significance of the findings.

2. Literature review

With respect to multiple occupations, modern literature distinguishes between novice entrepreneurs, who run one business, and habitual entrepreneurs, who either run several businesses sequentially (serial entrepreneurs) or own multiple businesses (portfolio entrepreneurs)¹ (Parker, 2014). However, demographic characteristics of entrepreneurs that make them more likely to become habitual entrepreneurs, instead of remaining novice, are little discussed in the theoretical literature and empirical evidence remains scarce (Parker, 2014). Furthermore, theoretical developments in relation to conceptualising portfolio entrepreneurship are still in a nascent phase (Ucbasaran et al., 2008; Parker, 2014).

Portfolio entrepreneurship is particularly prominent in the agricultural sector, where a term commonly used to denote portfolio entrepreneurship is “pluriactivity” (adopted from the French *pluriactivité*) (Fuller, 1990; Carter, 2001). Fuller (1990) and Evans and Ilbery (1993) define pluriactivity as the combination of farming with other economic activities, whether on or off-farm. It may include either on-farm non-agricultural, and/or off-farm agriculture and non-agricultural work (Sofer, 2001; Niemelä and Häkkinen, 2014). Rønning and Kovereid (2006) note that pluriactivity and portfolio entrepreneurship are not synonyms, but within a household can often be regarded as parts of the same activity. Pluriactivity includes occupations of employee status as well as running businesses, whereas portfolio entrepreneurs are only involved in businesses. Both forms of activity are common in farming; as Carter (2001, p. 44) notes it “has always been an important and distinctive feature of farming”. Indeed, early modern research on pluriactivity in farming identified a range of phenomena such as “double jobholding”, “moonlighting”, “weekend workers”, “variable-day workers”, “rotating employment”, “irregular employment”, “part time workers” and other conceptual starting points (see e.g. Alden, 1977). ‘Part time farmers’ have also been a focus for early policy discussions of business diversification that have sought to help rural communities (see OECD, 1978).

Farm pluriactivity has been identified as a driving force for both survival and growth strategies for farm businesses (Fuller, 1990; Carter, 2001), whilst Kautsky (1988) regarded portfolio entrepreneurship in farming as inevitable, in particular when profit from farming declined (see: Banaji, 1980; Carter and Ram, 2003). His argument is confirmed in the contemporary farm sector, where portfolio activities are noted for farms of all sizes (Carter and Ram, 2003). However, as noted by Carter and Ram (2003), portfolio entrepreneurship in farming has been prevalent throughout history, and this aspect of historical continuity is a focus of this paper.

Rønning and Kovereid (2006) review of the literature recognizes three distinct motivations behind pluriactivity: (i) as an exit strategy, (ii) as a coping strategy during downturns in agricultural activities and profits, and (iii) as a deliberate family strategy to increase wealth. De Silva and Kodithuwakku (2011), De Lauwere et al. (2002) and Evans and Ilbery (1993) argue that the coping strategy is a survival strategy, which is more dominant among

necessity-driven and socio-economically disadvantaged farmers (see also Bowler et al., 1996; Eikeland and Lie, 1999; De Silva and Kodithuwakku, 2011). Portfolio activity can also be a safety strategy pursued in an attempt to reduce risk stemming from a single business (Carter, 2001; McNally, 2001). In contrast, a strategy of wealth accumulation can be adopted by better-off, larger and more successful farmers. In addition, Sofer (2001) notes that strategies behind pluriactivity often exhibit spatial differences, such that in peripheral regions, which are often characterized by small-farm production, pluriactivity is more likely to be focused on survival and continued ownership of the family farm. In contrast, at the fringes of metropolitan areas, pluriactivity is more likely to offer opportunities for wealth accumulation, and is sometimes a means to develop experience that allows exit from agriculture.

These empirical findings can be interpreted through three main theoretical approaches to explore why farmers engage in multiple business activities (Alsos et al., 2003). In developing these approaches we try to differentiate entrepreneurship from business proprietorship. For farming we regard all farmers as proprietors (as does Carter, 2001, and most other commentators), even though many will be tenants. But only some farmers are entrepreneurial. Similarly we try to separate portfolios into those that follow entrepreneurial strategies and those that do not. A first theoretical perspective, originally from rural sociology, treats the household as the unit of analysis so that resources of the whole family are judged as key influences on how pluriactive farm households allocate resources between farm and non-farm activities (Fuller, 1990). In modern analysis this focuses on the ‘family in business’ (Aldrich and Cliff, 2003; Alsos et al., 2014b) which combines normative and private with utilitarian business motives (Brannon et al., 2013). Family owners were, and remain, particularly prevalent in agriculture (in the modern UK 86% are family owned: BIS, 2013). Family size and demography play key roles in this approach and are major elements in pluriactivity (De Silva and Kodithuwakku, 2011); e.g. undertaking additional business activities through different family members to mitigate recessions or market constraints within the agriculture sector. Pluriactivity is also valuable at different stages of the business or family life cycle to cope with a range of personal and household circumstances affecting the business proprietors, their partners and families, including issues of succession. However, even if separate and independent between family members, family businesses often remain interconnected (Alsos et al., 2014a).

The second theoretical approach emphasises the opportunity perspective: that entrepreneurs are defined by embarking on discovery and exploitation of business opportunities. Following Shane and Venkataraman (2000), entrepreneurship is viewed as the discovery and exploitation of profitable business opportunities. As noted by Alsos et al. (2003) farmers seek out business opportunities to overcome the constraints of limited returns to scale in agriculture. From a nineteenth century perspective there may have been more opportunities to explore diversification because of growing technological supports from mechanisation which released family and other resources to develop new businesses. Starting a new business is regarded as a key indicator of entrepreneurship (Westhead and Wright, 1998).² Given that Carter and Rosa (1998)

¹ Besides portfolio entrepreneurship, other terms used in the literature interchangeably are multiple business ownership (Carter, 2001), simultaneous ownership (Carter and Ram, 2003), and in historical research for all persons whether business owners or not, as dual occupations (Bellamy, 1978), and by-employment (Keibek and Shaw-Taylor, 2013).

² Indeed Wright et al. (1998) suggest that entrepreneurship can be viewed as not just the foundation of a new business, but also undertaken through the development, purchase or inheritance of other businesses. Based on this argument, Alsos et al. (2003) note, from the opportunity perspective of entrepreneurship, that farm portfolios could result from exploitation of wider business opportunities, through start-up, purchase, inheritance or diversification.

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