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## ASPECTS OF BEHAVIORAL RATIONALITY IN PRIVATE AGRICULTURAL PRODUCERS

/analysis of the data from an empirical study/

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### ABSTRACT

The subject of analysis was data from a psychological-social study on private agricultural producers. An issue of interest was the high share of farmers with average or high extent of behavioral rationality. It was explained by their double determination: personal and activity-based. On one hand, the significance of initiating the activity was motivating by possessing of personal resources, creating confidence in one’s ability to cope with the activity’s requirements. On the other, persistence in the activity forms mindsets and strategies adequate to the objective obligation of economic logic. A statistical correlation was established between the behavioral rationality in the motivation to initiate the activity and its scale.

**Key words:** behavioral rationality, double determination, personal resources, objective obligation, economic logic.

### INTRODUCTION

The issue of behavioral rationality appears to be abstract and irrelevant, when viewed in the context of a farmer’s daily life. The dominant concept among farmers is that their problems are only caused by external factors, i.e. inadequate state policy, which is exhibited through insufficiency or lack of supporting or protective measures implemented by the state. Such single-minded subjective way of thinking does not take into consideration personal causality. It would not consider the quality of the person’s own entrepreneurship, more specifically the insufficiency or lack of behavioral rationality. A specific variant of a fundamental attributive error, which attributes success to personal qualities, whereas failures – to external causes, i.e. other people or institutions, including the state as a whole.

From an analytical perspective, it is well known, starting with the works of Max Weber (1) that behavioral rationality is a key factor for successful entrepreneurship. This basic dependency retains its validity in the specific cases of agricultural producers.

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### GOAL

The goal of the current study is to perform an empirical check of the general hypothesis that behavioral rationality is achieved twofold: personally and actively, i.e. through the individual’s subjective qualities and by the objective obligations of the job.

### METHODS

The data were derived from an empirical study on 120 private agricultural producers from different regions of the country for the period 2008 – 2009. Theoretical operationalization of the concept of a “private agricultural producer” is the criterion “source of sustenance entirely or mostly from farming.” According to the methodological logic of K. Marx, it is a deduction of the differentiating social question “How does one make a living?”

The sample was formed by the random selection method, and according to accessibility. The gathered data were processed with the SPSS statistical software and ten subjected to dispersion factor analysis. The questionnaire contained a test to examine behavioral rationality, developed by N. F. Naumova (2). The term “behavioral rationality” is described by five theoretical

variables and their respective indicators: I. Character of goal-setting: 1) goal awareness; 2) strategic non-impulsiveness; 3) specificity of goals, pragmatism; II. Extent of dependence on circumstances and conditions: 4) psychological dependence on circumstances; 5) social-psychological dependence; III. Role of planning and information when taking decisions: 6) planning; 7) necessity of assessing the situation; IV. Method, style of decision-making: 8) aptitude to decision-making; 9) way of taking decisions; V. Sequence: 10) following one's decision; 11) persistence in following the decision; 12) logic (analysis of answer consistency).

## RESULTS AND ANALYSIS

In the gathered data, the percentages of farmers in accordance with the branches they occupied were: plant-growing – 37.9 %, animal husbandry – 34.5 %, mixed type farms – 27.6 % (the remaining percentage up to 100% did not answer). According to the extent of their behavioral rationality, three groups of farmers could be distinguished: low – 12.1%, average – 46.6%, high – 31 %. It is an important fact that in the entire collection of data, the share of farmers with average and high extent of behavioral rationality is many times higher than the share of low rationality. The question of what is the cause behind the high summary percentage of average and high rationality arises. There are two possible reasons.

### *Personality resources for behavioral rationality*

The first possible cause was personal. Private agricultural production, as a variety of entrepreneurship, attracted individuals with entrepreneurial mindsets and skills, which are typical for the rational personality type. This was the personal determination of the high overall percentage of behavioral rationality among farmers. Some of the individuals chose farming, on one hand due to strong personal interest towards the specific activity, (3) i.e. due to intrinsic motivation (4) and, on the other hand, due to high personal potential (skills and resources) to cover its objective requirements. They were the subgroup with high extent of behavioral rationality. Another type of individuals, who were also driven by internal motivations, yet did not possess high personal potential for coping with the activity, were the subgroup with an average extent of behavioral rationality.

Principally different was the subgroup of 12.1%, exhibiting low behavioral rationality. The possible explanation for its presence among farmers could be the life situation of “objective obligation without alternative”. Due to a random sequence of biographic circumstances, e.g. post-privatization unemployment or a lack of better alternatives, the individuals from this subgroup were objectively forced to engage in this type of activities as an accessible option to provide sustenance. Within this low-percentage subgroup, two varieties could be distinguished. One was defined unrealistic self-assessment. These were individuals who were not familiar with the specifics of the activity and thus had an unrealistic heightened self-confidence in their personal resources of meeting the activity's requirements. In some cases there was no coordination between perceived and real capabilities. Another variety originated from “mechanical expansion of scope”. These were individuals who were already familiar with the activity's specifics from personal experience on the limited scale of non-commercial personal farming. They possessed the necessary knowledge, skills and strategies for coping with the activity, yet they extrapolated them inappropriately into larger commercial businesses within a competitive environment.

### *Self-obligation towards behavioral rationality*

The economic logic of commercial activity within a competitive environment, in this case – agricultural, demands constant calculation of gains and losses. For those who persisted with the activity, calculation of gains and losses, as a typically rational procedure, produces objective pressure for self-obligation through the cognitive feedback mechanism. The “cost” of justified continuation of the activity, due to the gains, is the consequent personal self-correction towards higher behavioral rationality. Personal attitudes, disposition and, consequently, the individual's behavior changed.

For the farmers who continued with the activity, comparing the three groups by the self-evaluation indicator “satisfaction with the activity's results” ( $F=9,260/F_{sign}=0,009$ ) revealed results close to partial satisfaction in low and average rational farmers, and partial to full satisfaction in highly rational farmers.(5)

### **Farm sizes and behavioral rationality**

Among the examined businesses, there were small, medium, and large farms. A single-directional statistical correlation between the farm size and the extent of behavioral rationality was established ( $F=3,307/F_{sign}=0,044$ ). The tendency is for rationality to increase with the farm size. It is lowest in the smallest farms, average in medium, and high in the largest farms.

### **Age and behavioral rationality**

There was no statistically significant relation between behavioral rationality and age. The hypothesis that behavioral rationality is determined by personality and activity rather than by age was confirmed. Personality matters more than age in farming.

### **Education and behavioral rationality**

Farmers' education, with regard to level and profile, also did not have any significant correlation with behavioral rationality. A possible explanation is that the system of institutional education does not form problem-solving thinking, which can then be realized as behavioral rationality (6).

### **Gender and behavioral rationality**

Gender differentiation between men and women also did not have any effect on behavioral rationality. Neither male nor female farmers exhibited any gender-related advantages.

### **CONCLUSION**

Private agricultural production, as a type of entrepreneurship, by its economic logic requires from individuals engaged in it to possess a certain degree of behavioral rationality. In this regard, some of them are biographically advantaged in that their basic socialization happened in an environment without deliberate exemplars or specific influences on behavioral rationality. At the

same time, other people are at a biographic disadvantage in the same regard.

There has been a thesis that rationality is a socially formed ability (7). Such understanding reveals potential vital chances for the disadvantaged during their secondary socialization within the system of institutional education. Higher education, along with technical, professional and, in the specific case, agricultural competence, could contribute to the formation of more summarized personal attitudes, skills and habits for behavioral rationality. One possible approach is through realistic interactive models for problem solving without the formalism of game theory. This type of education models can achieve a secondary socialization effect with potential for personal and behavioral change self-change. The requirement is that they would not provide only demonstration and mechanical learning of cognitive schemes, but also create emotional experiences of varying degrees, equivalent to the personal responsibility for rational, non-rational and irrational behavioral decisions.

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