



UNIVERSITY OF
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**Keeping It In The Family:
International Perspectives on
Succession and Retirement on
Family Farms**

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Outline

- Definitions
- Why succession is important
- What we know about rates and patterns of succession: the *FARMTRANSFERS* project
- The future research agenda

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Some definitions

- **Succession**
 - The inter-generational transfer of managerial control
- **Retirement**
 - Withdrawal from physical labour/managerial control. Inter-generational transfer of managerial control.
- **Inheritance**
 - The inter-generational transfer of land and farming assets

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The importance of *familiness*

- **'Familiness'**: Typically described as unique bundle of resources resulting from interaction of family & business, the sum of which may be greater than the individual parts.
- Generally thought to offer competitive advantage to family firms, where vision and commitment to the business are deeply embedded in family history.
- **Emotional ownership**, 'the idea that the business is, in some sense, part of who you are as a person'. Emotional ownership and the deployment of **'family capital'** – commitment & participation of family members can confer advantages on the family business (Björnberg and Nicholson).

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The importance of *familiness*

- Such strong personal commitment can have profound affects on individuals involved & not always in a positive manner.
- "It was possible to reveal the deep attachment to the family story they feel bound to continue. It is not difficult to see how such an *intense sense of duty to the past, present and future* can restrict life-choices and influence relationships with other family members around this imperative" (Price 2010)
- The darker side of familiness: eg the destructive tendencies of some relationships. 'Too much' familiness can result in a closed minded approach to new ideas.

Family Succession

- In many cases the successor is a child of the incumbent manager, raising issues of shifting intra-family power dynamics and individual identity.
- The early exposure of children to the firm's working practices can produce deep levels of firm-specific tacit knowledge which can give 'family employees of family firms the potential to have deeper levels of firm-specific knowledge than employees of nonfamily firms' (Dane et al. 2009).
- In an agricultural context, in addition to succeeding to the farm, the successor also benefits from the transfer of skills and, frequently, a detailed knowledge of the home farm, its micro climate and idiosyncrasies.

Impacts of succession

- The **succession effect**. Impact of the expectation of succession.
- The **successor effect**. The impact of the successor themselves.
- **Retirement effect**.

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Continuity in family farming

- In **Australia**, despite falling rates of succession, **94%** of farms remain family owned and operated. There is evidence of a strong 'rural ideology' that prioritizes passing the farm on.
- In the **United States** **98%** of farms are considered to be family farms.
- In **Japan** **80%** of farms are operated by multiple generation families
- In **England** estimates suggest that **70-80%** of farmers entered agriculture via intergenerational succession

The Farmtransfers Project

- Confirm the elements of farm succession plans.
- Establish whether or not there is an identifiable career ladder in farm business succession.
- Compare patterns of succession in the participating Countries, States, Provinces and/or Territories.
- Determine educational needs of farm business owners regarding succession.
- Create a data archive that is available to research collaborators.

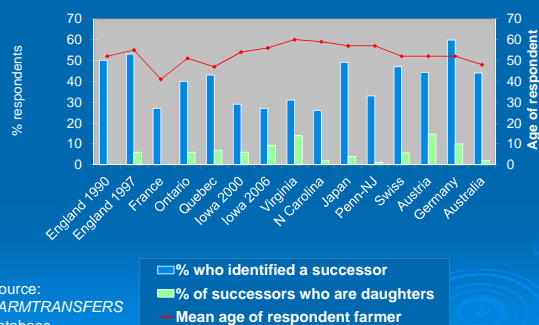
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Farmtransfers 1991-2012

- **1991 England**
- **1993 France**
- **1997 Canada**
- **1997 England**
- **2000 Iowa**
- **2001 Japan**
- **2001 Virginia**
- **2003 Germany**
- **2003 Poland**
- **2003 Switzerland**
- **2003 Austria**
- **2004 California**
- **2004 Australia**
- **2005 Pennsylvania & New Jersey**
- **2006 Iowa**
- **2006 Wisconsin**
- **2009 Romania**
- **2010 Tennessee**

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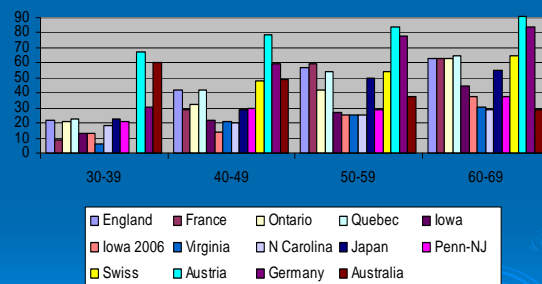
Identification of a successor



Source: FARMTRANSFERS database

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Identification of a successor by age group



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Activity/Decision	Eng	Ontario	Quebec	Iowa	Virginia	Aus
Decide when to pay bills	1	1	1	2	1	1
Identify sources and negotiate loans and finance	2	2	2	1	2	2
Negotiate sales of crops or livestock	3	3	3	3	4	7
Decide when to sell crops/livestock	4	4	5	3	5	6
Decide and plan capital projects	5	5	8	3	7	4
Decide long-term balance and type of enterprises	6	7	10	12	5	3
Make annual crop or livestock plans	7	8	4	7	9	7
Negotiate purchase of machines and equipment	8	6	9	8	8	5
Plan day-to-day work	9	12	11	10	12	9
Decide timing of operations or activities	10	9	7	11	10	10
Decide type and make of machines and equipment	11	10	12	13	10	11
Decide work method or way jobs are done	12	13	13	9	13	12
Decide level of inputs used	13	11	6	6	3	8

Final thoughts

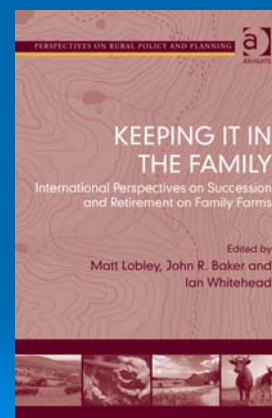
- High rates of succession testament to tenacity & persistence of farm families.
- Repeated transfer of farms down generations of same families in a locality results in farming families deeply socially embedded in their communities
- Rates of succession vary considerably
- Reluctance of farmers to delegate or even just share certain types of decision.
- When succession 'fails' concerns re. implications for sustainability of family farming & the farmed environment
- On the other hand, could 'too much' family succession pose a threat? "Dangers in agriculture becoming a closed shop".

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Evolving research agenda

- **New FARMTRANSFERS** replications
- **Re-survey** – tracking change over time
- **Greater depth** – *explaining* rather than just *describing*
- Involve the **successors**
- **Getting the balance right** – understanding the potential of new entrants whilst valuing the knowledge and contribution of existing farming families

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