REFEREED ARTICLE

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# Farm succession in Texas: A qualitative approach

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**ABSTRACT**

Family farm succession methods vary considerably due to individual family dynamics. This study uses qualitative research methods to investigate the impacts of farm business structure, division of managerial responsibility, and family decision-making processes on the matter of business transfer from one generation to the next. Interview methods were employed to investigate succession methods in the northern and southern high plains of Texas. Results indicate that succession methods vary across individual families. The method by which the younger generation becomes involved in farming, as well as family dynamics, are found to impact farm succession.

**KEYWORDS:** family farms; interview; qualitative research; succession

## 1. Introduction

The infusion of young farmers into agricultural production occupations is a vital element in the quest for continued development and sustainability of farming operations worldwide (Cassidy and McGrath 2014; Chiswell 2014; Fischer and Burton 2014; Lobley 2010; Lobley, Baker, and Whitehead 2012). This study utilizes a qualitative interview approach to provide insight into the motives behind the methods in which the younger generation enters the farming profession. According to the United States Department of Agriculture (USDA) Economic Research Service (ERS) approximately 99 percent of United States' farm businesses are family operations; as such, a primary concern for many farm families is maintaining the family farm business for multiple generations (Hoppe and MacDonald 2016). This process can be extremely turbulent and complicated, because each family undergoing a farm business transfer will encounter unique issues and concerns (Burton and Walford 2005; Cassidy and McGrath 2014; Chiswell 2014; Silvasti 2003).

There are many different methods by which families can assist the younger generation during their entry into farming. Regardless of how the younger generation enters into the farming profession, the decisions made during the younger generation's entry process can have tremendous impacts on the economic profitability of the farm business. When determining the means by which the younger generation should enter farming, the ultimate goals are to maintain the economic viability of the farm business while maximizing family welfare (Burton and Walford 2005; Chiswell 2014; Fischer and Burton 2014; Lobley 2010; Lobley, Baker, and Whitehead 2012).

Due to the highly distinct nature of family farm transfers, quantitative analyses may fail to fully recognize individual family dynamics related to the transfer process (Uchiyama et al. 2008). An alternative for investigating the inner workings of the family farm transfer process is to approach the research question qualitatively. Rather than attempting to measure and quantify complex social issues between family members, a qualitative research approach offers the ability to see inside the family unit and analyze individual family concerns and issues. Considerable recent research on family farm transitions has made use of qualitative methods (Cassidy and McGrath 2014; Fischer and Burton 2014; Price and Conn 2012; Riley 2009; Riley 2014; Silvasti 2003). This study used interview methods to examine family farm transfer issues in farm families either planning to undergo or involved in the farm transfer process. Specifically, this study investigated family demographics, farm structure, distribution of managerial responsibilities, and family involvement in decision-making processes which impacted the succession decisions of farm families in the High Plains of Texas.

## 2. Literature Review

Family farming is a specialized form of family business. As with other types of family businesses, families engaged in farming must address not only the business aspects, but must also ensure that familial needs are addressed. Farming is unique in that family farms are very likely to be passed on to another generation. The likelihood of family farms being passed on to the next generation can be up to nine times greater than other types of family businesses (Laband and Lentz 1983). Often, a family

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farm has been in the family for generations and is assumed likely to remain in the family's possession for subsequent generations.

## Family farm business transfers

Succession transition methods for family farms often mirror those of any other type of family business, although farms are unique in their problems associated with entry and exit of generations. Boehlje (1973) identified five unique characteristics of farms that contribute to these problems. First, farm businesses take advantage of economies of size as well as utilize technologies which require large capital investments. Second, assets and equipment are difficult to sell quickly and convert into cash. Third, farm ownership, management, and finances are often solely dealt with by the farmer. Fourth, the average age of farmers is increasing. Fifth, most farm families have a unique family value system. Farming is not just a business, but also a special lifestyle. In order to preserve that way of life, many farm families prefer the farm and its assets, especially land, to be passed on from one generation to the next.

Gasson and Errington (1993) examined the process by which family farms are transferred from one generation to the next. Three phases of the intergenerational transfer process were identified. These phases include succession, retirement, and inheritance. Succession is the process by which the managerial control of the farm business assets is transferred to the next generation. Retirement is the phase in which the current manager, typically a member of the older generation, relinquishes managerial control to the younger generation. Finally, inheritance is the process by which the legal ownership of farm business assets, including land, is transferred to the younger generation. Progression through each phase typically occurs gradually. The succession and retirement phases are mirror images, as the younger generation assumes more managerial responsibility, the older generation is giving up managerial responsibility. When business ownership is transferred via inheritance, succession occurs concurrently (Gasson and Errington 1993; Errington 1998).

Errington (1998) identified a "succession ladder" which outlines the various stages of managerial transfer from the older to the younger generation. The first step consists of day-to-day tactical decisions being shared initially by both generations before being transferred to the younger generation. The second step of the succession ladder involves the transfer of long-term strategic planning decisions. The transfer of personnel management decisions is the third step of the succession ladder. The fourth step of the succession ladder includes the transfer of financial management decisions. The fifth step of the succession ladder is the transfer of authority to pay bills. Often referred to as the "control of the purse strings" (Errington 1998), this final step in the succession ladder is often the last decision-making responsibility handed over to the successor. Additionally, this authority may be handed over to the younger generation well after all other business management decisions have been passed down. This could be due to the fact that as long as the older generation feels that they have control over the farm business chequebook, then they still have a significant role in the business.

Farm transfer timing can have a considerable impact on transfer success. Well-timed transfers of management and ownership can promote and preserve family relationships as well as contribute to financial security for both the parents and the younger generation (Kimhi 1994). Kimhi (1994) found that the timing of farm transfers from the parents to the younger generation was ultimately determined by the parents in an effort to maximize welfare of family members. Yet, Anderson and Rosenblatt (1985) found that many farm families do not participate in formal succession planning or discuss succession planning or retirement planning with their children. In many cases, farm families believe that succession will "fall into place" when the time comes (Keating and Little 1997).

## Equality versus justice in farm transfers

The decision of how to best distribute the farm business among successors or heirs is one that must be approached carefully. Often transfer decisions are discussed in terms of fairness. However, fairness is ambiguous and does not mean the same thing to every person. Because of these perception differences, the concept of "fair" is not useful for identifying optimal distribution strategies (Taylor and Norris 2000). A better term is "just" or "justice". Philosophically defined, "justice" means that one gets what one deserves (Schurter and Wilson 2009).

The question of farm business distribution often becomes one of deciding whether to divide the business equally or justly among successors or heirs. Equal division occurs when all successors or heirs receive an approximately equal share in the distribution. Justice in this situation indicates that distributions are based on how much work each potential successor or heir has put into the business. When planning a farm transfer, the primary decisions that the older generation must make include determining which successors should receive a stake in the business and how to divide ownership and management responsibilities among successors in an optimal way (Gasson and Errington 1993).

Taylor and Norris (2000) conducted a study which investigated how perceptions of justice among farm successors impacted the success of the family farm succession transition. The results indicated family communication styles tended to determine whether the farm business was distributed equally or equitably among heirs (Taylor and Norris 2000).

## Transfer of the occupation of farming

In addition to the high proportion of family farms transferred from one generation to another, the transfer of the occupation of farming can also be considered as a form of succession (Fischer and Burton 2014; Lobley, Baker, and Whitehead 2010; Silvasti 2003). Studies have found that farmers are as much as five times more likely to have come from a farming family than children whose families owned and operated other types of family businesses (Blau and Duncan 1967; Laband and Lentz 1983; Keating and Munro 1989). Laband and Lentz (1983) found that farmers often followed a pattern of "occupational inheritance" in which individuals assumed the same occupational role as that of their fathers. Incidence of "occupational inheritance" was found to be particularly high among farmers and other self-employed proprietors (Laband and Lentz 1983).

## 3. Factors Affecting Farm Succession

The transfer of farm business management responsibilities often, although not always, precedes a transfer of farm ownership. Methods by which the younger generation returns to participate in the management responsibilities of a farming business can vary tremendously. Both the farm and successor must be developed over a period of time, and a distinction can be made between possible and prospective successors. Possible successors are assumed to be future successors, but ultimately choose what they wish to do. Probable successors are preparing to take over managerial control of the farm at some point in the future (Chiswell 2014; Fischer and Burton 2014; Gasson and Errington 1993).

For the purposes of this study ''succession'' will refer to the transfer of managerial responsibility of the farm business assets (Gasson and Errington 1993) or the younger generation establishing an occupation in farming on a farm separate from the older generation's farm business. Inheritance, as defined by Gasson and Errington (1993), is the transfer of ownership interests in the family farming business. Although this study does not explicitly look at issues related to inheritance, the concepts of succession and inheritance do work in tandem in certain situations. With inheritance, succession is implied, as the control of the management of farm assets accompanies the ownership control of those assets.

Examination of the motivations for why the younger generation is incorporated into the management activities of the family farm business or undertakes its own farming business requires assessment of several factors. One consideration is the length of time that the family has been involved in the business of farming. Farms that have been owned by the same family for multiple generations may be expected to continue being passed down from generation to generation. Similarly, families which have been involved in farming businesses for several generations may be more likely to have members of the younger generation enter into the occupation of farming (Lobley 2010; Lobley, Baker, and Whitehead 2012; Riley 2009; Riley 2014).

Principal operator age and the length of time that the principal operator has been active in a farm business can significantly impact the decision of when the younger generation chooses to enter into farming (Gasson and Errington 1993). In farming businesses in which the successor(s) comes back to work with the older generation, the principal operator typically is a member of the older generation. However, young successors to the occupation of farming may have their own farm businesses in which they are the principal operator.

The number of potential successors is also a major factor in the decision for the younger generation to join a family farming business or start its own farming business. In cases where multiple potential successors are present, the principal operator must determine how to best allocate managerial responsibilities between each member of the younger generation. There may be instances where there are multiple members of the younger generation, yet all members do not wish to participate in the management activities of the business. Those who do not wish to participate in the farm management activities may want to be compensated in other ways to feel as though they received ''equal'' treatment in comparison to those who are participating in the business. Another situation which can occur is when multiple members of the younger generation wish to become business partners in a farm separate from the older generation's farming operation (Burton and Walford 2005; Cassidy and McGrath 2014).

It is important to examine how the legal business structure may have changed in order to most efficiently and effectively accommodate the younger generation joining the family farming business. Likewise, the legal structure of the younger generation's own farm can significantly impact how financing is obtained for both business startup as well as continuing production activities. Various legal structures have potential advantages and disadvantages that must be assessed in order to determine which is most economically feasible.

In situations where members of the younger generation come back to work in the older generation's farm business, comparison of management activities before and after the inclusion of the younger generation is vital. It is important to determine how much managerial responsibility that the younger generation has assumed and in what areas of the business. Insight into why the younger generation has assumed those particular responsibilities is also essential. Farm businesses started by multiple members of the younger generation should be assessed to determine why management activities were delegated between the business partners as they were.

Finally, evaluation of family involvement in the decision for the younger generation to come back into farming is needed. This includes determination of the level at which other members of the younger generation were involved in the decision-making process, even though they might not have actually become involved in the daily activities. These key elements for determining the motives behind how members of the younger generation started farming businesses or were included in the family farming business are summarized in Figure 1.

## 4. Methods And Procedures

Qualitative research methods were utilized in this study. Diverse varieties of research questions often require equally diverse methods of analysis. Just (2001) advocated the use of research methods other than quantitative approaches. Interest in using qualitative analyses in agribusiness research has been recently increasing. Fischer and Burton (2014) interviewed 22 farm families and concluded that the farm succession process must be natural, given sufficient time, initialized early, and is individual. They asserted that a farm succession 'crisis' is occurring, due to the lack of intergenerational farm transfer in Europe. Chiswell and Lobley (2015) countered Fischer and Burton (2014) by questioning whether there is indeed a lack of succession occurring, and if so, what is the optimal level of succession? In a counter to Chiswell and Lobley (2015), Burton and Fischer (2015) assert that although there is not a succession ''crisis'' in all areas, certain areas of Europe, are very much in need to increased succession. Riley (2014) utilized a joint interview approach to the study of fathers and sons involved in farming in order to gain a better view into the interpersonal relationships among the farming generations. Cassidy and McGrath (2014) used qualitative methods to investigate non-successors points of view. Chiswell and

 

- How long has the farming business been within the family?
- How old is the principal operator?
- How long has the principal operator been active in the farm business?
- How many potential successors plan to join the farm business?

- What was the legal structure of the business before the successor(s) joined?
- Was the legal structure changed to better accommodate the successor(s) joining the business?

- Who was responsible for performing management activities before the successor(s) joined the business?
- Which management activities have been assumed by the successor(s)?
- How was the decision made to put the successor(s) in charge of those particular management activities?

- Were all family members involved in the decision for the successor(s) to join the business?
- Did members of the younger generation who did not wish to participate in the management activities of the business participate in the decision making process to include the successor(s) within the business?
- Were members of the younger generation who did not wish to participate in the management activities of the business compensated in any way when the successor(s) joined the business?
- If members of the younger generation who did not wish to participate in the management activities of the business were compensated in some way, was the compensation approximately "equal" to the amount of management responsibility the successor(s) was granted? If not, why?

**Figure 1:** Factors Affecting Farm Succession Decisions

Wheeler (2016) focused on ethical and safety concerns of female qualitative researchers when performing field research in agriculture.

Interviews were conducted with seven families whose farm businesses were located in the northern and southern high plains of Texas. The interview method allowed for detailed analysis of the similarities and differences among the study sample. Family farm businesses which initially appeared very similar in business structure were found to have significantly divergent methods by which

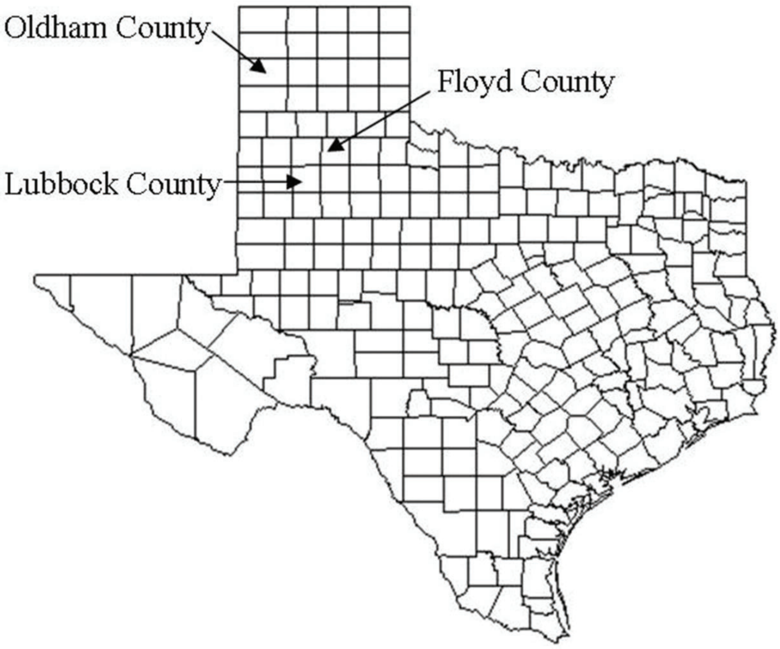


**Figure 2:** Study Region

successors were incorporated into the management activities of the business or obtained their own farming operations.

Potential interviewees for the study sample were identified via contacts within the local agricultural industry. Interviews were conducted with families operating farms in three counties in Texas, Oldham County, Floyd County, and Lubbock County. Location of the counties in which interviewees' farming businesses were based is shown in Figure 2.

Semi-structured interviews were conducted. Interviewees were asked open-ended questions regarding farm structure, farm management activities, changes to farm management activities upon the successor(s) joining the farm business or responsibilities the successor(s) had taken over upon beginning operation of their own farming business, and the family decision-making process when determining how the successor(s) should enter into the farming business or how to assist the successor(s) in acquiring their own farm business.

Interviews were 30 to 45 minutes long, with members of both the older and younger generations participating. The older and younger generations were interviewed concurrently due to ease of recruitment and reduced infringement on participants' time. Members of each generation conveyed that concurrent interviewing was not disruptive, and in fact, was in several cases beneficial, as each generation was able to gain insight into the other generation's decision-making processes. Field notes were taken during interviews. Interviews were also tape recorded. After interview completion, recordings were transcribed into written notes for computational analysis. Qualitative research software was utilized in order to code and identify major themes which were discussed during interviews.

## 5. Results

Analysis revealed six major categories of topics discussed during interviews. These six categories included discussion regarding farm business legal structure and operator demographics, farm business management, family decision-making processes, the younger generation's involvement in farming, farm business transfer and distribution, and other topics. The six major categories were further subdivided into 47 themes which were discussed by the families interviewed. Examples of themes include discussion regarding the number of generations that a family had been involved in farming, management transfer from one generation to the next, and the younger generation's decision to farm as a career. The frequency of themes discussed in interviews was also recorded. For simplicity, interview themes were assigned a number from 1 through 47. The six discussion topic categories, 47 themes, theme numbers, and frequency of theme discussion for all interviews are summarized in Table 1.

Figure 3 depicts the frequency of themes discussed (by theme number) for all interviews and is separated by individual interview.

Figure 4 depicts the amounts that each individual discussion topics and themes were discussed in all interviews. Specific themes discussed in each interview are identified by the appropriate theme number located at the edge of each chart slice. The size of each chart slice indicates the proportion of all interviews that were spent discussing a particular theme.

Each family interviewed had been involved in farming for multiple generations. The number of generations that the families had been involved in farming ranged from two to four. Additionally, multiple families interviewed had more than one generation working in the farm business concurrently.

Farm business organization varied greatly among the families interviewed. Some families incorporated the younger generation into the farming business directly, by restructuring the business organization in order to make the younger generation a partner within the business. In other cases, the younger generation returned to farm work after attending college and/or working in other

 

**Table 1:** Frequency of Interview Themes

| Theme # | Theme Description | Frequency | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Interview: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | All |
| FARM BUSINESS LEGAL STRUCTURE AND OPERATOR DEMOGRAPHICS | | | | | | | | | |
| 1 | *Farm business legal structure* | 8 | 6 | 3 | 10 | 1 | 1 | 3 | 32 |
| 2 | *Family operated multiple farm businesses with different legal structures* | -- | -- | -- | -- | -- | -- | 3 | 3 |
| 3 | *Farm business legal structure changed to simplify farm transfer process* | -- | -- | -- | -- | -- | -- | 2 | 2 |
| 4 | *Farm business principal operator* | 3 | 1 | 4 | 2 | 1 | 2 | 2 | 15 |
| 5 | *Family members involved in farming* | 9 | 4 | 5 | 5 | 1 | 2 | 1 | 27 |
| 6 | *Number of generations family had farmed* | 1 | 1 | 4 | 1 | 2 | 2 | 2 | 13 |
| 7 | *Generations farmed separate businesses but assisted each other as needed* | 4 | 32 | -- | -- | -- | 1 | -- | 37 |
| FARM BUSINESS MANAGEMENT | | | | | | | | | |
| 8 | *OG and YG shared farm equipment* | 2 | 15 | 1 | -- | -- | 2 | 1 | 21 |
| 9 | *Equipment acquisition by each generation* | 5 | 7 | 1 | -- | -- | 1 | 1 | 15 |
| 10 | *Management transfer from one generation to the next* | 5 | 5 | 5 | 14 | -- | 2 | 5 | 36 |
| 11 | *YG provided additional perspective and assessment for farm business* | -- | -- | -- | 7 | -- | -- | -- | 7 |
| 12 | *Management transfer due to individual strengths* | -- | 5 | 1 | 1 | -- | -- | -- | 7 |
| 13 | *Individual(s) responsible for management decisions* | 14 | 20 | 6 | 9 | 7 | 1 | 3 | 60 |
| 14 | *OG retained responsibility for marketing and/or financial management* | -- | -- | 2 | -- | -- | -- | 1 | 3 |
| 15 | *YG allowed to make financial decisions for farm business* | -- | -- | -- | 2 | -- | -- | -- | 2 |
| 16 | *OG trusted YG farm management decisions* | -- | 4 | 1 | 11 | -- | -- | -- | 16 |
| 17 | *Hired labor did not participate in management* | -- | 5 | -- | 3 | -- | -- | -- | 8 |
| 18 | *Importance of communication between generations* | 2 | 7 | -- | 5 | -- | -- | -- | 14 |
| 19 | *Importance of continued farm growth* | -- | 2 | -- | -- | -- | -- | -- | 2 |
| 20 | *Obtainment and utilization of financing* | 5 | 3 | 2 | -- | -- | -- | -- | 10 |
| 21 | *Each generation responsible for financing own farm business* | 2 | 8 | 4 | -- | -- | 1 | -- | 15 |
| 22 | *YG discussed financial decisions for own farm with OG* | 2 | 3 | -- | -- | -- | -- | -- | 5 |
| 23 | *Problems due to OG owners not involved in management trying to manage* | -- | -- | -- | -- | 1 | -- | -- | 1 |
| FAMILY DECISION-MAKING PROCESSES | | | | | | | | | |
| 24 | *Some YG siblings not involved/did not plan to become involved in farm* | 2 | 6 | -- | -- | 1 | -- | -- | 9 |
| 25 | *YG siblings not involved had no input/did not object to others decision to farm* | 5 | 1 | -- | 3 | 7 | -- | -- | 16 |
| 26 | *Other family members not involved in farm had input in others decision to farm* | -- | -- | -- | -- | -- | -- | 1 | 1 |
| YOUNGER GENERATION INVOLVEMENT IN FARMING | | | | | | | | | |
| 27 | *YG decision to farm as a career* | 7 | 14 | 12 | 4 | 2 | -- | -- | 39 |
| 28 | *YG joined as partner/shareholder in OG farm business* | -- | -- | -- | 1 | -- | -- | 2 | 3 |
| 29 | *YG started own farm after working temporarily as hired labor for OG* | 2 | 12 | -- | -- | -- | -- | 3 | 17 |
| 30 | *YG operated own farm business* | 2 | 16 | 10 | -- | 3 | 4 | -- | 35 |
| 31 | *YG began own farm so OG farm was not financially compromised* | 2 | 4 | -- | -- | -- | -- | -- | 6 |
| 32 | *YG rented/tenant farmed land for own farm* | 1 | 6 | 2 | -- | 4 | 1 | -- | 14 |
| 33 | *YG manages part of OG farm* | -- | -- | -- | -- | -- | 2 | -- | 2 |
| 34 | *YG owned land for own farm business* | -- | -- | 2 | -- | -- | -- | -- | 2 |
| 35 | *YG worked for salary in OG farm business* | -- | -- | 3 | -- | -- | -- | -- | 3 |
| 36 | *OG owned land rented/tenant farmed by YG* | -- | -- | -- | -- | 4 | -- | -- | 4 |
| 37 | *YG more comfortable with new technology* | -- | 1 | -- | 3 | 2 | -- | -- | 6 |
| FARM BUSINESS TRANSFER AND DISTRIBUTION | | | | | | | | | |
| 38 | *OG intended to distribute farm business to YG equally* | 2 | 6 | 1 | 8 | 2 | -- | -- | 19 |
| 39 | *OG distributed farm business to YG based on YG contribution to farm* | -- | -- | -- | -- | -- | -- | 5 | 5 |
| 40 | *YG owned farm business split equally among siblings* | -- | -- | 1 | -- | -- | -- | -- | 1 |
| 41 | *Topic of farm transfer sensitive; family would not discuss prior bad experiences* | -- | -- | -- | -- | -- | 2 | -- | 2 |
| 42 | *OG will not discuss/plan for farm transfer* | -- | -- | -- | -- | -- | 2 | -- | 2 |
| 43 | *YG thinks OG should discuss/plan for farm transfer* | -- | -- | -- | -- | -- | 4 | -- | 4 |
| OTHER | | | | | | | | | |
| 44 | *OG retirement considerations* | -- | 3 | 3 | -- | -- | -- | -- | 6 |
| 45 | *OG is phasing out of farming somewhat* | -- | -- | 8 | -- | -- | -- | 1 | 9 |
| 46 | *YG does not think OG will ever completely retire from farming* | -- | -- | 6 | -- | -- | -- | -- | 6 |
| 47 | *Family believed that family farm dynamics were unique to geographic area* | -- | -- | -- | 2 | 2 | -- | -- | 4 |

*Note: YG = Younger Generation; OG = Older Generation.*

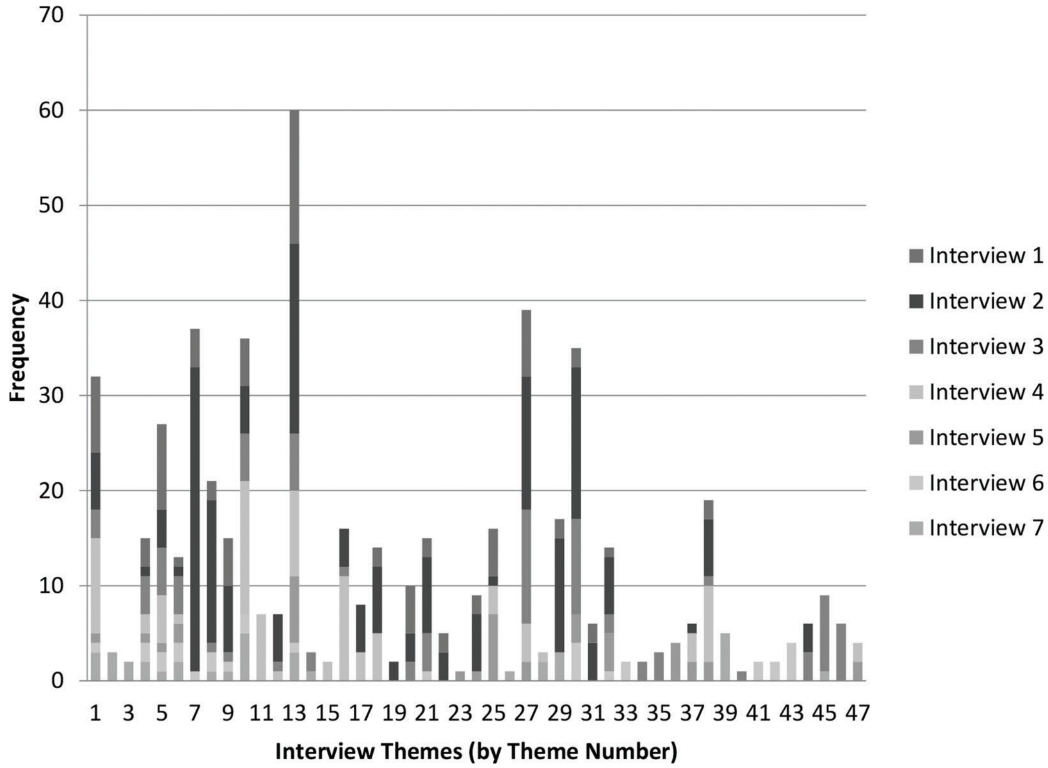


**Figure 3:** Frequency of Interview Themes – All Interviews

non-agricultural occupations. In some instances, the younger generation initially worked for the older generation as a form of hired labour before embarking on a separate farming business venture. A frequent arrangement described was the younger generation leasing farmland from the older generation, while the younger generation was establishing a new farming business. Five families indicated that the younger generation had leased farmland from the older generation as a way to establish the younger generation's new farm business.

Four families also indicated that the younger generation was assisted in starting its own farming business separate from the older generation by the sharing of farm equipment between the older and younger generations. By working out an arrangement on farm equipment purchases, the younger generation had a way to gain access to the necessary equipment, without the burden of being solely financially responsible for large purchases. The gratitude of the younger generation was expressed when discussing the assistance with large equipment purchases: ''*They [father and uncle] can make a big purchase, like another cotton stripper or something, but we all still work together, so it's more or less coming to me, too,*'' *said one member of the younger generation. (Interview 1, son).*

> ''*It allows us to effectively and efficiently utilize the resources we have, so that we don't have multiples of the same equipment, and also allows us to purchase bigger and better machinery,*'' said a son who had an equipment partnership with his father. (*Interview 6, son*)

In some cases, farm equipment was simply shared between the generations on their separate businesses. In other cases, equipment partnerships were formed and a detailed accounting was kept of who used certain equipment and when.

The transfer of managerial decision-making varied greatly among interviewed families. In cases where the younger generation had only come back to work with the older generation temporarily before starting a separate business, the transfer of managerial power tended to be minimal. Often the younger generation described the process as working as ''hired labour'' and indicated that primarily manual labour tasks were performed as opposed to managerial decision making: ''*He [son] was a hired employee initially*,'' one father said about his son who had joined the family farming business. *(Interview 7, father)*

However, in some cases, working for the older generation as hired labour inspired the younger generation to branch out and establish its own farming business. One father and son described how such an arrangement improved both their wellbeing: ''*He [son] gets up in the morning and he goes and does his thing, and I go do mine*,'' the father said. The son jokingly agreed and said ''*It's to keep both our sanity*.'' The son continued, more seriously, discussing how working for his father motivated him to get his own business off the ground: ''*It was probably more of a good thing, because that gave me a little more drive to branch off and get my own place going,*'' *the son said. (Interview 2, father and son)*

Other situations involved the older and younger generations each tending to some portion of managerial decision-making. In one case, the son operated his own farming business as a sole proprietor, but also operated a joint venture with his father and uncle. While he was solely responsible for the management of his own business, he split management decisions for the joint venture with his father and uncle. ''*We work together on it [management of the joint venture],*'' *said the son. (Interview 1, son)*

 

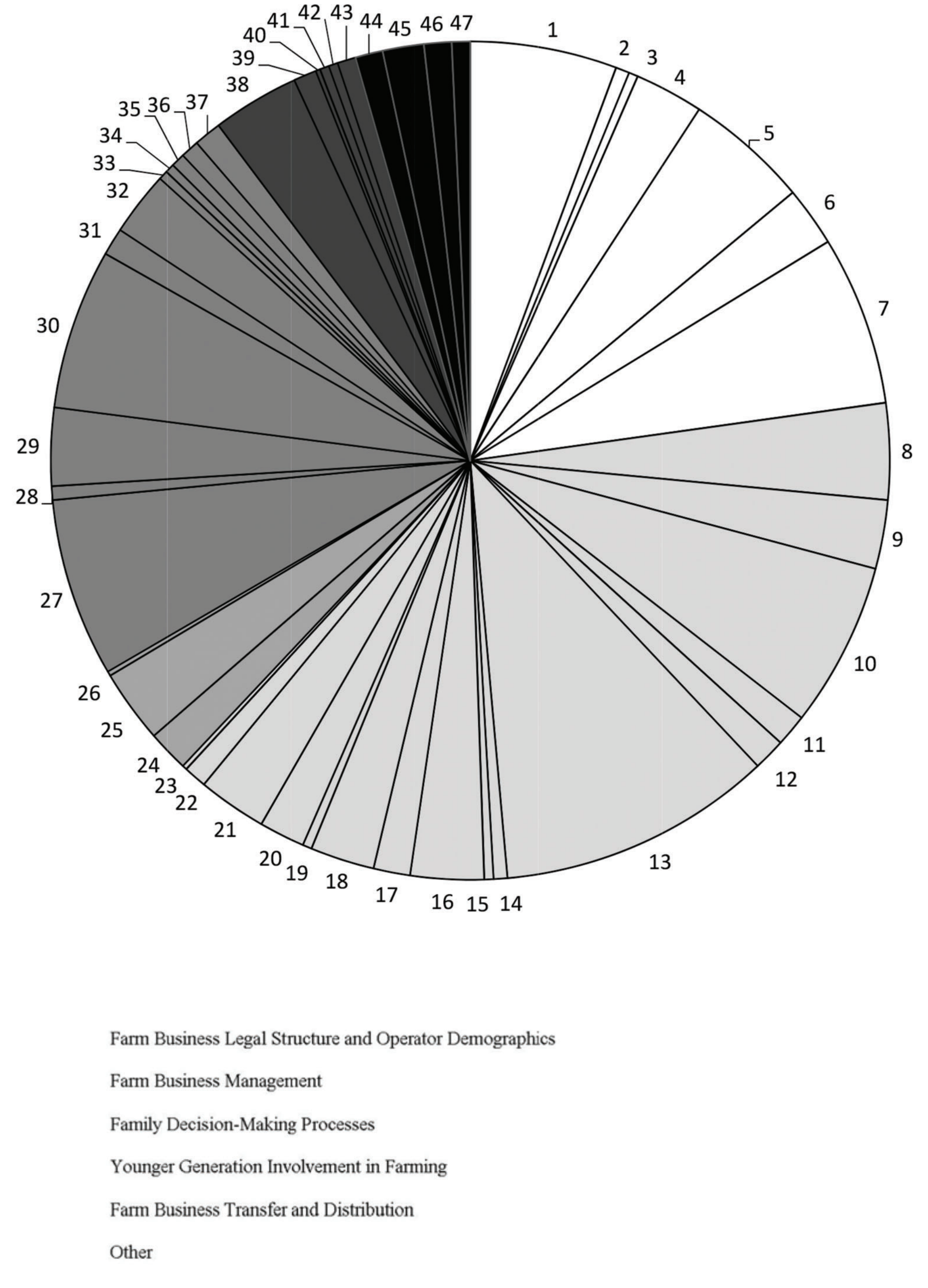


**Figure 4:** Categories and Themes (by Theme Number) for All Interviews

In situations where the older and younger generation each assumed a portion of managerial control, managerial delegation was often dictated by each person's particular strengths in various areas. Often the older generation was well versed in making marketing, banking, and financial decisions, whereas the younger generation was more skilled in production practices, especially practices that implemented extensive technological equipment. This type of arrangement allowed the younger generation to learn not only the technical skills relevant to production, but to also learn by observation how to best manage marketing and financial business decisions. Insight into the distribution of managerial control was highlighted in multiple interviews. "*Dad has all the experience, and I'm gaining the experience,*" said the son. *(Interview 2, son)*

> "*We're [three brothers operating a partnership together] trying to get better at talking to the lenders, but it's tough to learn,*" the eldest brother admitted. "*We're glad dad takes care of it [business and financial decisions] for his business. NRCS [Natural Resources Conservation Service], FSA [Farm Service Agency], insurance, dad takes care of that stuff more,*" he added. *(Interview 3, brother)*

"*A lot of management has just deferred to him [son]*" said a father who now operates his farm business in a partnership with his wife and son. The father jokingly added that he had handed over responsibilities that he [father] was tired of. One unique aspect of this partnership was that the son had access to the farm business chequebook, which is often a responsibility that the older generation retains much longer than other managerial responsibilities. The son attributed this management delegation to clear communication with his father. "*We speak the same language,*" said the son. The son elaborated on how important managerial decisions were usually discussed at length between him and his father: "*We communicate a lot on decisions with the insurance and things like that. It's collaborative. A lot of the spraying stuff I do, kind of handle, and computer stuff, but on important decisions, it's collaborative,*" the son added. *(Interview 4, father and son)*

Incorporating another generation into a farming business also complicated the decision-making process in some cases. When additional managers were added to the business, the decision making process became more complex. "*The decision-making is now a lengthier process due to having more stockholders in the business,*" explained a farmer who operated two farm businesses, a partnership and a corporation, with his father and his son. *(Interview 7, father)*

When discussing the process by which the younger generation became involved in farming, each situation was obviously unique, but some underlying themes emerged from multiple cases. In several situations, the younger generation did not hesitate to report that there was never any question that they would go into farming, whether working with the older generation in the family farming business or embarking on their own farming venture. Each family interviewed had multiple children. In several instances, the child or children that became involved in farming indicated that other siblings were not really consulted when they were deciding to go into the farming business. The decision was generally made by the children and their parents.

> "*I've worked out here my whole life, even when they [sisters] would go work in town or do something different. You know I've been out here the whole time, so they [sisters] knew it was going to happen here [him entering into farming],*" said one young farmer. *(Interview 1, brother)*
>
> "*We always knew we would come back to the farm business,*" said a farmer operating a partnership with his two brothers. He also explained how his father had made the three brothers feel as though they were important elements in the farm business when they were young. "*Dad always made us feel like a part of the business when we were kids. We never felt like hired hands,*" he said. *(Interview 3, brother)*

A son who joined as a partner in his family's farming business explained how he continued to help out his father with the farm as necessary even while he was attending college and working in a non-agricultural occupation: "*We [brother and sister] never really completely left. We'd come back on weekends, and plow, or run the tractor. We left, but not completely removed,*" he explained. *(Interview 4, brother)*

A woman who owned the family farmland discussed how her son came to be the tenant farmer on the family's land: "*The land has always been in the family and has always had a tenant farmer. When my husband retired, he [son] took over it,*" she said. *(Interview 5, mother)*

The future of the farm businesses owned and operated by the families interviewed was as unique and varied as each interview situation studied. Because each family interviewed had multiple children, the decision of how to distribute the farm business management responsibilities and assets during the succession and inheritance processes differed among each family. In all but one case, the family indicated that the children would be or had been compensated in an approximately equal way, regardless of whether each child received an equal portion of the farm business, or whether some were compensated monetarily. One young farmer discussed the process: "*It evened out everywhere. And since then I've been able to help my parents out through some stuff now, too. It's all been paid back*" he said. *(Interview 1, son)*

A son who had joined in a partnership with his father discussed how he and his sister would be compensated approximately equally: "*She [sister] does have a stake in it [the farm business], but that kind of will come out, the way I understand it, you know, if he [dad] retires or an inheritance, basically I won't get much, because my inheritance is the equipment I'm farming with, you know, that's kind of the way my understanding works, but she [sister] definitely gets a fair shake, it's just that it's not immediate,*" he explained. His mother, also a partner in the business, echoed his thoughts: "*Well, and he [son] might get maybe a little more control, I guess you'd say, of the equipment and the land and everything; her [sister] compensation will probably come in a monetary form. So, it's going to even out, but going to be in a little different form,*" she said. *(Interview 4, father, mother, son)* "*For inheritance purposes, they [children] all get equal shares,*" indicated a woman who owned farmland that her son farmed as a tenant farmer. *(Interview 5, mother)*.

Only one family interviewed indicated that distribution of farm management responsibilities and assets would not be spread equally among the children. The principal operator had two farm businesses, a partnership and a corporation, which he ran with his father and his son. He indicated that management responsibilities, as well as stock ownership in the businesses was not equal, but rather proportional to the amount of work that each stakeholder had put into the business: "*The businesses aren't distributed equally. It's by how much each person has put into it,*" he said. *(Interview 7, father)*

Multiple families also discussed how much farming meant to them in terms of planning for retirement and subsequent succession and inheritance. In several cases, the older generation indicated that retirement was still far in the future and they were still very much focused on growing the business. Some members of the younger generation also indicated scepticism regarding whether the older generation would ever completely retire from farming. Finally, in some cases the younger generation admitted that they had not thought much about planning for the succession and inheritance processes, although they probably should. One member of the older generation mentioned, "*We're [the business] not big enough just to stop growing. We have to continue to grow, so that,* *and I'm not near ready to retire, so that is what the goal will be is to continue to grow the operation.*" *(Interview 2, father)*

A farmer who operated a partnership with his brothers jokingly mentioned how his father had a hard time giving up control of his [the father's] farm business: "*Dad says he needs to learn to let go of some of the control, but I don't know if he will,*" the son says. "*It [the farm] gives him [father] a reason to get up in the morning,*" the son concluded *(Interview 3, son)*. One young farmer admitted he probably needed to think about and plan for succession: "*I haven't really thought about any kind of succession, although I probably should*" he said. *(Interview 6, brother)*

## 6. Conclusions

### Succession patterns

This study joins other recent qualitative work on family farm intergenerational transfers, by providing additional insight into the complex family dynamics which occur during transfer planning and implementation. Some findings confirmed those of other recent work, while other findings contradicted. Some families interviewed exhibited traditional methods of succession in which the younger generation was incorporated into the older generation's farming business, such as when the younger generation returned to work in the older generation's farming operation after attending college and/or working in an off-farm occupation. In these situations, the younger generation typically became a partner or stockholder in the family farming business and participated in various management activities. This process confirms Gasson and Errington's (1993) theory of partnerships being the succession pattern of choice in some cases.

Alternatively, some members of the younger generation returned to work briefly for the older generation before embarking on their own farming business venture. In these cases, the younger generation often worked for the older generation primarily as hired labour, typically with little involvement in managerial activities. This phenomenon demonstrated the idea of "occupational inheritance" or succession of the occupation of farming as suggested by Laband and Lenzt (1983) and Lobley, Baker, and Whitehead (2010), rather than direct succession of the younger generation to the older generation's farming business. In several cases observed, the older generation had done this, by way of allowing the younger generation to lease land from the older generation to embark on a farming career. In addition, some families exhibited a combination of each method, where the younger generation co-managed a joint venture farming operation with members of the older generation, while also operating a separate farming business exclusively managed by the younger generation.

### The succession ladder

The idea of the succession ladder, as proposed by Errington (1998), was confirmed in some cases studied, and contradicted in others. Several families interviewed indicated that the younger generation had assumed management activities lower on the succession ladder first, such as day-to-day and strategic management decisions. This left the management decisions higher up the succession ladder, such as marketing and financial decisions, as the responsibility of the older generation. However, in some cases studied, the succession ladder did not appear to hold. In one case, the son had recently joined a partnership with his mother and father. While the son did attend to management tasks lower on the succession ladder, he also had access to the farm business chequebook and had the ability to make significant financial decisions, which is often one of the last managerial tasks that the older generation gives up to the younger generation. Thus, this case was unusual in this regard. Additionally, in another case, the son had joined as a partner and stockholder in two family farming businesses. Again, the son attended to managerial tasks lower on the succession ladder, yet also had the responsibility of managing other farm personnel, which is typically a management activity that the older generation retains for a longer period of time. While the son managed the farm personnel, he did not have the authority to make major financial decisions for the businesses. Finally, cases examined in which the younger generation had branched off from the older generation's farm business to start a separate venture did not exhibit the classic succession ladder method of managerial transfer. In these cases, the younger generation assumed full responsibility for all managerial decision-making for their business, although it was reported that members of the older generation were often solicited for help or advice during various decision-making processes.

Educational background of the younger generation may have influenced the older generations' decisions when assigning management responsibilities. In all but one interview, members of the younger generation were either attending or had graduated from college. The older generation may have drawn increased confidence regarding the younger generations' decision-making capabilities due to their educational background. Additional research into the theory of the succession ladder is warranted in order to more fully understand the thought process of each generation when determining which managerial activities that the younger generation will assume when working in a farming business.

### Distribution of family farm businesses

Each farm family interviewed had multiple children. All but one family indicated that the farm business would be transferred in approximately equal portions to the children in some way. While several families indicated that children who were not active in the management or operation of the farm business would nevertheless receive an equal share, they admitted that the shares given to non-participating children would likely be in a form other than farmland or farm assets outright. In most cases, the family expected non-participating children to be compensated in some monetary form, either through an outright monetary gift or a buy-out arrangement. Because these families wanted to compensate children equally, this behaviour points toward an exchange motivation for the intergenerational transfer of the farm. Exchange motivation is characterized by the older generation desiring to compensate children equally.

The one case in which the older generation indicated that the intergenerational transfer of the farm business would not be distributed equally suggests an altruistic motivation for the transfer. In this case, the principal operator of the farm business indicated that each family member would be compensated in accordance to work put into the business. This method of distribution can be interpreted as one of justice, rather than equality.

### Study limitations and future work

A limitation of this study is that the interviews were conducted in a geographically small area. Also, because the research process was qualitative in nature, the sample size for the study was small, although small sample sizes are typical for this type of research method.

Future work will consist of continued interviews and data collection with additional farm families undergoing farm succession. In addition to more data collection in the current study region, additional data collection from other geographic regions will be conducted. Also, interviews with families operating a greater variety of farm and ranch business will be conducted in order to examine similarities and differences in the succession process which may vary by commodity type.

This study provides a unique view into the inner dynamics of family farm succession planning decisions. The ability to examine succession decision-making processes at the individual family level presents new insight into the motivations for families to engage in farming as a profession and subsequently pass that desire on to the next generation. Enhanced knowledge of these dynamics will allow business and financial planning professionals to more accurately address family and business concerns when assisting with the succession planning process.

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