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Continuity in farming - Not just family business

Sofie Joosse [a,*], Ann Grubbström [b]

[a] Department for Urban and Rural Studies, Swedish University for Agricultural Sciences, Sweden
[b] Department for Social and Economic Geography, Uppsala University, Sweden

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ABSTRACT

Currently, many European family farms are closing down, being rented out or sold outside the family (here termed non-family farm transfer). The discontinuity of family farms is expected to lead to changes in the organisation of farm production, and consequently to changes in agricultural landscapes and agrarian development. This expectation logically follows from the assumption that family farm transfer contributes to continuity in agriculture while non-family farm transfer leads to innovation and discontinuity. Our paper challenges these assumptions. Based on interviews with young and prospective farmers in Sweden, we compare family and non-family transfer in terms of the process of transfer, the relationship between former and new farmer, and farming practices. We identify respect, support and farm legacies as critical elements in farm continuity and argue that family farm transfer and non-family farm transfer can have more in common than conventionally assumed. Indeed, both family and non-family farm transfer entail relationships and practices that lead to continuity and change in farming practices.

1. Introduction

> This is his life's work. It's what he has done for the last 40 years. I can't just destroy that. He would throw me out. So, I also have to listen to him and get a feeling for what he [the retired farmer] thinks and wants (Excerpt from interview with 29 years old non-family male farm tenant).

The European agricultural landscape is changing rapidly. One important cause of this changing landscape is an acceleration in the decrease in the number of farms. While the number of European farms have continuously decreased since 1970, this decrease accelerated after 2000 (EU, 2011). Between 2000 and 2010 the number of farms decreased with just over one-fifth (EU, 2014). At the same time the farming population is ageing: only 7,5% of European farmers are under 36 while one out of three is over 65 years of age (EU, 2016b). This means that within the coming ten years a large cohort of farmers will disappear. Often it is not just the individual entrepreneur who quits, but as it is difficult for many to find a successor within the family, the whole family business comes to an end.

So far, most studies of farm transfer have focussed on family farm transfer and the reproduction of family farming practices (e.g. Chiswell, 2016; Lobley, 2010; Calus et al., 2008), but little is known about what happens with the family farm when it is sold or leased to a person outside of the family. Considering both the increase in farm closures and the ageing population it is relevant and timely to compare family and non-family farm transfers and their effect on the organisation of the farm and agricultural development (Conway et al., 2016).

Forms of farm transfer may effect farm management and aggregated agricultural development. Indeed, how the farm is passed on to the next manager or owner is probable to influence how this new farmer chooses to farm (Mann et al., 2013; Potter and Lobley, 1996). Farm transfer thus influences farming practices. Likewise, aggregated trends in farm transfer and farming practices are sure to affect future agricultural development. Therefore, scholars have called for research examining the relation between continuity in farm practices and family/non-family farm transfer (Zagata and Sutherland, 2015).

In line with this call our aim is to explore the influence of family succession versus non-family farm transfer on the continuity of farming practices. We use the term *family succession* for the process in which a family member assumes managerial control over the family farm, and we use *non-family transfer* for the process in which

* Corresponding author.
E-mail addresses: Sofie.joosse@slu.se (S. Joosse), Ann.grubbstrom@kultgeog.uu.se (A. Grubbström).

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a non-family member assumes managerial control over the family farm. To conform to the literature we term these non-family members *new entrants*[1].

While literature does not explicitly address the relation between (non-)family farm transfer and continuity, assumptions about this relation underly both policy schemes and academic writing. On the one hand, it has been argued that family farms without a family successor enter a period of stagnation and that having a family successor contributes to the continuity of the farm and the profitability of agriculture in general (e.g. Wheeler et al., 2012; Mann et al., 2013), because "farm knowledge and local experience can be gradually passed on" (Jervell, 1999: 109). On the other hand, non-family farm transfer is assumed to benefit farm and agricultural development by bringing innovation, entrepreneurship and new ideas into agriculture (Lobley, 2010; Ilbery et al., 2012). Both arguments are based on the assumption that family succession reproduces farming practices, whereas non-family transfer results in changed farming practices. Does this hold true?

Using a study of family succession and non-family transfer in two regions in Sweden, we investigate the following research question: *What is the effect of family succession and non-family transfer on change and continuity in farming practices?* Important to note here is that this research was performed as a qualitative interview study and focus group study. Therefore, the empirical material did not allow for a research assessment of changes in farming practices, but instead enabled an analysis of how the informants discuss the changes in farming practices.

Another important clarification of the scope of this study is that in our definition of succession and transfer, and in our study in general, we concentrate on managerial control instead of ownership (see for example Errington, 1998; Chiswell, 2016 for a similar focus for succession). Though farm ownership and management often go hand in hand, not all farmers own their farm[2], as in the case of farm tenancy, when ownership is shared by several (family) members, or when the formal transfer of the family farm is protracted. As management forms a more accurate indicator for how the farm is actually farmed then ownership, our focus enables us to better explore change and continuity in farming.

2. Farm succession and continuity in farming

During the 20th century in Western Europe Farm ownership and management have been primarily passed on within the family (Errington and Lobley, 2002). Still at the beginning of the 21st century more than 70 per cent of the European farms were family farms (EU, 2014)[3]. In Sweden, even 92 per cent were family farms in 2010 (EU, 2014). Yet, the number of non-family farms transfers in the EU is increasing; a trend that is expected to increase (EU, 2014). Therefore it is important to broaden the scope of research to not only include family succession, but also non-family farm transfer. In the following sections, we first present how literature has discussed family succession after which we broaden the scope to include non-family farm transfer.

Succession is arguably a crucial moment in the development of a family farm, as it forms a critical juncture where the farm family has to decide if the farm will continue in the hands of the family. As such, succession forms a logical moment for the farm family to reflect on and adjust farming practices. In this way succession has a direct effect on farm performance (Inwood and Sharp, 2012).

Family farm succession often spans several years in which responsibility, ownership and labour input shifts from the retiring farmer to the successor. The often-used metaphor of 'the farm ladder' clarifies the positions occupied by the new and the former farmer in the labour and decision-making hierarchy (Fischer and Burton, 2014; Keating and Little, 1997; Gasson and Errington, 1993) and depicts that the successor gradually ascends while the predecessor descends. During succession, the successor gets assigned more responsibility in the labour process and decision making and is socialised[4] into ideas of 'how to farm' (Kennedy, 1991; Burton, 2012). Silvasti (2003) found in her study that the importance of continuity of the farm is a stucturing idea in this socialisation. Thus, according to the above family farm succession shapes farming practices and secures continuity of the farm and agriculture.

What happens when managerial control over a farm is transferred to a person outside the family? It seems logical that new farmers without family ties have not undergone the socialisation processes described above and may therefore depart from previous farming practices to a higher degree. Continuing this line of thought, non-family farm transfer would contribute to change in farm and agricultural development.

The idea that new entrants bring change and with that innovation to the agricultural sector underlies several policy schemes and academic writing. For example, Ilbery et al. (2012) discuss policy schemes encouraging non-family transfer and state that such schemes that "… enable new blood to enter any industry are important to improve and fill skills shortages, encourage entrepreneurship and new ideas, improve resilience and adaptability …" (Ilbery et al., 2012: 125). Gasson and Errington discuss family farms and their continuity and resilience, and discuss the benefits of non-family transfer, as it may reinvigorate a 'fossilized structure of non-viable farms' (Gasson and Errington, 1993: 265).

That new entrants are considered to bring change is well-illustrated by a quote from a report by an EU expert panel with researchers, farmers, policy makers and farm advisors, who listed "a number of benefits that new entrants bring to the agricultural sector: Introducing new knowledge or techniques; Developing new business models based on end-users; Developing more sustainable farming systems; Developing new organisational models (e.g. share farming, pre-financing, crowd sourcing); Increasing connections between farming and the local community; Using traditional knowledge to develop business innovations (e.g. artisanal food production)." (EU, 2016a: 13). The panel also explicitly writes that these new entrants "appear better able to experiment with new approaches, as they are not confined by socialised farming norms." (EU, 2016a: 13).

These quotes exemplify that non-family transfer is thought to bring change and innovation to the farm and agriculture in general. Although the positive causal relation between change and new

[1] We follow the broader definition of new entrant as proposed in a discussion paper for the EU commission: "A natural person, group of people or legal entity who have within the past five years established a new agricultural holding or farming business in their own name(s). The natural person, group of people or legal entity should be actively farming (i.e. producing agricultural products for sale) and be either establishing a new agricultural holding or returning to a family-held holding after a minimum of 10 years of off-farm employment" (EU, 2015: 5).

[2] In 2010 57% of the farmers in the EU owned the farm that they worked on (EU, 2012). In 2013 about half of the Swedish farms were completely owned, the other farms were partly or completely rented (Swedich Board of Agriculture, 2014).

[3] Unfortunately, we have no statistical data on current European and Swedish family succession. However, the EU offers statistical data on family farms defined as "any farm under family management where 50% or more of the regular agricultural labour force was provided by family workers" (EU, 2016a, b). Though our primary entrance in this study is not labour force but farm transfer and managerial control, the EU data can serve to get a better insight in the role of family farming in the EU.

[4] This socialisation often starts much earlier as the successor of the family farm is (consciously or not) identified at an early age (Potter and Lobley, 1996; Silvasti, 2003; Cassidy and McGrath, 2014).