WHAT ARE THE CRITICAL SUCCESS FACTORS FOR SUCCESSION PLANNING IN FAMILY FARMS?
A SYSTEMATIC REVIEW

By

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Abstract

As a way of life, farming has been a family business often involving many generations, but what happens when it is time for the farm to be passed on? This systematic review will answer the research question “What are the critical success factors for succession planning in family farms?” There were 128 articles reviewed and the critical key themes were analyzed to identify the critical issues for the farmer to understand how these issues affect the operation of the business and succession success.

The variables most affecting successful farm succession planning are communication, education, wealth and farm size, goals and objectives, and family dynamics.

By creating a succession plan, a family’s vision and intentions for their farm can be addressed and implemented decisively. Succession planning helps ensure the farm can continue operating with sufficient economic viability to financially support multiple generations. It allows all children to be treated fairly, while recognizing the complexity of treating them equally.
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Chapter One - Introduction

Introduction

One can envision a farmer and his friends sitting around the crackling fireplace on a cold Sunday evening playing cards when the farmer points to his oldest son who is playing with a toy on the floor and says, “That is my oldest son, he is the one who is going to take over the farm when I am gone”. The farmer has already begun to identify who his successor is going to be when he has departed from it. Succession in family farms has been happening for centuries; whether or not there has been a succession plan in place. What factors influence the farmer to pass the torch to the next generation? What can set the farm up for success so generations of investments do not go to waste?

As a way of life, farming has been a family business often involving many generations, but what happens when it is time for the farm to be passed on? By creating a succession plan, a family’s vision and intentions for their farm can be addressed and implemented decisively. Succession planning helps ensure the farm can continue operating with sufficient economic viability to financially support multiple generations. It allows all children to be treated fairly, while recognizing the complexity of treating them equally. Succession planning is more than an exercise for aging farm operators. It is a process, not a one-time event – it is a valuable business practice that provides clarity, direction and accountability.

More than ever the importance of succession planning is critical to the landscape of rural farming communities and for the economy. The family farm represents 87.8% of all farming corporations in Canada and, since the baby boom generation will soon be leaving the work force, there could be major gaps in the farming industry (Statistics Canada, 2012). The 2011 Census of Agriculture marks the first time the 55-and-over age category represents the highest percentage
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of total operators (Figure A). In 2011, 48.3% of operators were aged 55 or over, compared to 40.7% in 2006 (Statistics Canada, 2012). This upward age trend is assumed to continue given the aging demographics of the country.

![Figure A - Total farm operator by age category, Canada 1991 to 2011](image)

Scholz (2012) provides statistics that show 65% of second generation and 90% of third generation businesses fail. What are the critical success factors for succession planning in family farms? Wouldn’t a family want to know how to set the next generation up for success? Having a succession plan in place will bring peace of mind for knowing that the family farm will remain intact for future generations. This systematic review will examine how to prepare for the future and ensure that the farm stays in the family.

**Author’s Interest**

I once heard my father, Elwood Lawton say, “It could take five generations to build up a family farm, and just one generation to tear it all down.” This statement left me questioning why is this, and so what? Decades ago people used to farm for survival, they used to have mixed farms which they lived off and traded or sold the remainder of the food for profit. In today’s society, people can go to a grocery store to purchase their food with the money that they earn from their employment. I descend from a long line of farmers; my great grandfather had a mixed
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farm, my grandfather also had a mixed farm, and then my father took over the farm and grew potatoes. Now my father grows blueberries. For the last 11 years my cousin, Jeff now has worked side by side with him. During this time my father has transferred knowledge to both my cousin and me and has empowered my cousin to take on a management role in the daily operations of Lawton’s Produce. Watching my father’s blood, sweat and tears go into the family farm; I do not ever want to see it leave the Lawton family. This has led me to the question “What are the critical success factors for succession planning in family farms”, which is the foundation of this signature project.

Organization of Thesis

This research paper is organized into a series of chapters and sections to provide a better understanding of succession planning in family farms. Chapter one contains the Introduction of the history and background for succession planning in family farms. The author’s interest in this topic and the organization of the paper is provided. The author set out to answer the question, “what are the critical success factors for succession planning in family farms?” The Literature Review is discussed in chapter two. This discussion includes the findings of the existing research completed on the topic being studied, and looking at the themes and relationships among the studies. In chapter three, the Methodology includes the discussion of the systematic review approach and documents the methods, materials, reliability, validity and limitations of the study. Chapter four presents the discussion of the findings. This is where the author synthesizes and discusses what is learned during the literature review. In the final chapter, the recommendations and conclusions are presented in relation to the research question and the objectives of the study. Limitation and future research ideas are also discussed.
Chapter Two – Literature Review

Chapter two of the report will include the discussion of the literature on succession planning in family farms. To fully understand the intergenerational transfer, definitions will be presented to setup the framework that will be examined. The succession planning process will be addressed in this chapter. Succession plays a critical role in family farms along with the challenges it presents to the predecessor and successor. It is important to understand why it is critical to the success of the agriculture industry. Why farmers do or do not have succession plans in place will be examined to understand how to facilitate the succession planning process.

Definitions

Defining the terms for this study is important to understanding succession planning in family farms. Although there might be variations in the definitions available, the following are proposed as commonly accepted ones and will be used throughout this study. Also, the term farmer will be used to mean both male and female and he will be used to mean either a he or a she.

Intergenerational succession

“Intergenerational succession is the process, stretching over a period of time, of transferring managerial control and other intangible assets such as firm (farm) specific knowledge” (Lobley, 2012). Gasson, et al. (2008) state that intergenerational transfer of the family farm involves three distinctly related processes of inheritance, succession and retirement.

Inheritance

“Inheritance is the legal transfer of ownership of the business assets (including land and quota).” (Errington & Lobley, 2002).
Succession

“Succession refers to the transfer of managerial control over the use of these assets.” (Errington & Lobley, 2002).

Retirement

“Retirement marks the withdrawal of the present manager from active managerial control and/or involvement in manual work on the farm.” (Errington & Lobley, 2002).

These three definitions, for intergenerational succession are separate, but they are clearly related. Retirement can be seen as a mirror image of succession – as the new generation succeeds, the old generation retires. (Errington & Lobley, 2002)

Successor

Merriam Webster Online dictionary defines successor as “to come next after another in office or position or in possession of an estate: to inherit sovereignty rank, or title. To follow after another in order”. Defining successor in context to family farms, the successor would be the younger generation coming in to take over the farm from an older member of the family such as a daughter wanting to take over the family farm from her father. The daughter would be the successor in this scenario.

Predecessor

Merriam Webster Online dictionary defines predecessor as the following, “one that precedes; a person who has previously occupied a position or office to which another has succeeded.”. In the context of family farming, predecessor is the older generation who is passing the farm down to the younger generation. For example, the father transferring the farm to his oldest daughter. The father would be the predecessor in this scenario.
Succession Planning in Family Farms

Analytical Framework

Based on the preliminary literature review, the author developed an analytic framework to assist in studying the research question: What are the critical success factors for succession planning in family farms? This framework assisted the author in understanding the variables that might impact succession planning for a farm business. This analytical framework is presented in Figure B below.

**Figure B - Analytical Framework**

- **Incubation**
  - Farmer's buy
  - Business life cycle
  - Learn business
  - Desire and motivation to take over farm
  - Communication
  - Birth order/number of children
  - Farm size

- **Chance of Successor**
  - Number of choices
  - Family dynamics
  - Emotional connection
  - Family conflict
  - Value/ethics
  - Education, skills, experience
  - Communication
  - Commitment
  - Chemistry

- **Joint Management Stage**
  - Full time work together
  - Goals/objectives
  - Communication
  - Intangible asset transfer (knowledge)
  - Management control/powers
  - Collaboration
  - Farm size

- **Predecessor's Departure**
  - Loss of control
  - Death
  - Illness
  - Retirement income
  - Off farm duties for successor (care of predecessor)

Importance of Succession in Family Farms

According to the United States Department of Agriculture in 2010, family farms accounted for 98 percent of farms and 82 percent of production. (Hoppe, Banker, & MacDonald, 2010). No data was found on the percentage of family farms in Canada, but one makes the assumption that Canada is similar to the United States as we are neighboring countries with similar characteristics. Farming today still remains very much a family business, owned and
operated and often handed down from generation to generation. It is the most inherited profession yet due to the high barriers to entry such as high capital costs. The survival of the family farm is highly dependent on successful intergenerational transfer (Mishra, Johnson, & Morehart, 2003).

**Effects of Succession on Family Farms**

**Farmer’s Boy**

Farmer’s Boy is when the successor has little or no responsibility for decision-making and provides mainly manual labor on the family farm (Lobley, Baker, & Ian, 2010). Farmer’s Boy is a problem in farm succession. It gives the potential successor little opportunity to develop the skills required to operate the family farm. The Farmer’s Boy is treated the same as any other hired hand would be on the farm. He ultimately will be rewarded for his hard work and dedication by receiving ownership of the family farm (Lobley, 2010). The reason why Farmer’s Boy happens is cultural and social norms and the expectation that the farm will provide retirement income for the predecessor. These reasons can delay the critical decision when to pass the farm to the Farmer’s Boy as the predecessor may not trust the retirement income to the successor (Uchiyama, Lobley, Errington, & Yanagimura, 2008).

**Succession Effect**

Potter and Lobley (1996) define succession effect as the impact of the expectation of succession on the family farm. (Lobley, Baker, & Ian, 2010). Succession effect can begin to happen at the time of the birth of the first potential successor but it is more likely to be experienced when the successor suggests that they intend to follow in the father’s footsteps by taking over the family farm. These effects impact the expectation that succession has on the business by making sure that the family farm can provide enough income to support two
generations or yield sufficient capital to allow the successor to establish separate holdings. This may involve purchasing additional assets or diversifying so it will increase the income of the family farm (Lobley, 2012).

**Successor Effect**

Successor effect is “the impact of the successors themselves, as they gradually (or sometimes rapidly) assume managerial control.” (Lobley, Baker, & Ian, 2010). The potential successor may leave the farm to attain further education or training and when they return they bring new ideas and an innovative approach to running the family farm. Bringing this new knowledge back to the farm might enable them to climb the succession ladder quicker. When the successor joins the farm, there will be an excess of labor and as a result of this, the farm may add assets or diversify their farming operations will result in an increase in wealth for the farm (Lobley, 2012).

**Retirement Effect**

“Retirement effect can be identified toward the end of a farmer’s career and is most pronounced where succession has been ruled out.” (Lobley, Baker, & Ian, 2010). If farmers do not have successors, they most likely disengage or even withdraw from farming. This process could involve reducing their work load, and selling of land/equipment/livestock, and other assets.

**Barriers to Succession Planning**

Statistics show that fewer than a third of family farms have a designated successor. Many of the younger generation are not interested in the large investment in a business that requires them to work over 12 hours per day, 365 days a year (Coughler, 2011). Although there are
various sources with some of these ideas, Coughler’s (2011) list of the following reasons is fairly inclusive as to why the farmer does not have a succession plan in place:

- Where the farm is in the business life cycle; currently not an issue
- Busy with immediate business issues and pressures
- Not sure where or who to turn to for information and advice
- Overwhelmed by the thought of succession or retirement
- They think of it as an event rather than a process
- Fear of conflict within the business and family, so they avoid the issues
- Fear of loss of control of the farm, power, identity and/or wealth
- Involves interaction of individuals in the strong relationship of family
- Conflicts arise as the issues get blurred; for example, is the issue about ownership or about family (personal).
- Lack of communication among the family members or advisors involved in the succession process.

**Succession Process**

Hugron (1991) stated that the succession process of the knowledge and property transfer from the predecessor to the successor is divided into four stages.

The first stage, Incubation is made up of the events prior and leading up to the successor working full time on the farm. In this stage the predecessor is the role model for the successor by providing the values, norms, and behaviors encouraged. This stage could range from the successor’s infant years to the time in which he joins the farm full time. It is the stage where initiation happens, a bond of affection and admiration for the family farm and the predecessor
also happens. The desire to follow in the father’s footsteps, to maintain family ties, and the strong work ethic toward the family farms success takes place.

Hugron’s (1991) second stage, The Choice of Successor, is when the predecessor begins to choose the successor of the family farm. The predecessor would have identified values, norms, and work ethic in the incubation stage and have started to evaluate their observations. The predecessor would develop selection criteria based on the family and business objectives. Some of the selection criteria would be the successor’s interest in the family farm, the skill set, education level, self-confidence, and the hands on experience acquired. The other circumstance that plays a role in the choice of successor is whether or not there is only one successor interested, or whether the successor is the oldest child or only child.

The Joint Management stage is the third step in the succession process. It begins when the successor works full time on the family farm. During this stage the predecessor and the successor work together so the successor can acquire the attitudes, skills, and knowledge from the predecessor. Hugron (1991) identified three possible paths in this stage:

1. The successor starts at the bottom of the ladder and works into a position of responsibility;
2. The successor immediately accesses a management position on joining;
3. The successor takes on special projects, according to the predecessor’s directions.

In some instances, the successor has gained experience and education from working outside the family farm before returning to transfer the know-how of the farm. There is no time limit on this stage of the succession process, as this is determined by the amount of learning that needs to take place for the successor to be successful in taking over the family farm.
The final stage in the succession process is the Predecessor’s Departure. During this stage the predecessor disengages and ultimately departs the family farm; passes the reins over to the successor entirely. This stage is most influenced as a result of an illness, old age, or even death of the predecessor rather than a voluntary departure. (Dumas, Dupuis, Richer, & St.-Cyr, 1995).
Chapter Three – Methodology

Systematic Review

A systematic review examines existing research evidence. This is beneficial to practitioners so they can address issues by producing a reliable knowledge base by accumulating findings that are from a range of studies and different levels of evidence. “Systematic review involves five key steps: planning the review, locating studies, appraising contributions, analyzing and synthesizing information and reporting ‘best evidence’”. (Briner & Denyer, 2011). When conducting a systematic review there is a list of guidelines that need to be followed, which are:

- **Organize**: the research is conducted according to a system or method which is designed to answer the research question
- **Transparent**: the method used in the study is to be clearly listed
- **Replicable**: other researchers must be able to repeat your review by following the detailed protocol provided
- **Summarize**: summarize the evidence out there related to the research question

Input from Stakeholders

In this exploratory study using the systematic review method, the study will focus on the research question of “what are the critical success factors for succession planning in family farms?” The research question was formulated in consultation with author’s predecessor and fellow successors to focus within the analytical framework of succession planning in family farms.
Data Sources and Searches

The systematic review considered seven databases in the University of PEI library: Academic Search Complete, Agricola, Business Source Complete, Education Research Complete, ERIC, Google Scholar, and PsycINFO which resulted in 399 records identified. The author searched the electronic databases using the following search parameters of “family farm succession”. The research in this study was conducted by one individual, the author, who read and reviewed each article returned in the search.

The comprehensive literature review included both published and unpublished materials to identify relevant studies on succession planning in family farms. These searches were undertaken in early January 2013 and a second search, conducted in early February 2013. Results of the search were to include both published and unpublished (gray) literature to identify relevant studies on succession planning in family farms. Six databases were able to be searched during the same time which automatically removed any duplicates from the search. Conducting the search in Google scholar lead to duplications in search results; therefore the author had to manually remove the duplicates. All articles were documented in Appendix A to ensure that there were no duplicate articles. Appendix A also includes intended audience, data source, type of article, and key findings for every study while Table 2 provides the level of importance for each article as shown in this chapter.

The author tested the reliability of the databases at the end February and the beginning of March 2013. This testing was to ensure the extent to which the study would yield the same results on repeated trials. This was done by administering a test-retest using the same search parameters on the two different occasions. This retest resulted in no substantial change in the
structure being searched between the two occasions. With this retest resulting in no substantial change in the search results, the process then would lend itself to be repeatable and thus reliable.

Validity refers to the degree to which the author accurately assessed the critical success factors attempting to measure success in succession planning. There is a wide range of literature included in this study, from level 1 to level 6 and a reliable mix of keywords used in the search parameters, see table 1 below. This systematic review measures what the author set out to explore, what are the critical success factors for succession planning in family farms?

**Study Selection**

The author screened the search results independently by reviewing the articles and studies published in English between 1995 and 2012. After language and date exclusions were removed, those articles not available in full text were removed from the study. Records were evaluated by the author according to record title and abstract applying the key word listings in Table 1.

<table>
<thead>
<tr>
<th>Table 1: Keywords Listing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Succession planning</td>
</tr>
<tr>
<td>Family farm(s)</td>
</tr>
<tr>
<td>Succession</td>
</tr>
<tr>
<td>Farm</td>
</tr>
<tr>
<td>Family</td>
</tr>
<tr>
<td>Retirement</td>
</tr>
<tr>
<td>Farm transfer</td>
</tr>
<tr>
<td>Agriculture</td>
</tr>
<tr>
<td>Farm succession</td>
</tr>
<tr>
<td>Intergenerational succession</td>
</tr>
</tbody>
</table>

The records were excluded if the title or abstract did not use the words listed in Table 1. This ensured those included were within the framework of the study. Where insufficient information was present in the title and/or abstract to determine eligibility, full articles were retrieved for further consideration. All potentially eligible articles were obtained and reassessed for inclusion by author.
Full text articles assessed for eligibility were included in the study for data synthesis based on one or more of the following criteria:

- Effects of succession planning in family farms
- Barriers to succession planning in family farms
- Importance of succession planning
- Succession planning process

**Data Extraction and Risk of Bias**

The author critically evaluated the studies and assessed each study based upon the analytical framework in Figure B, the quality, strength of the findings and validity. This process was conducted by one reviewer, the author. The findings, recommendations and conclusions are provided in the following chapters.

The author extracted the relevant data from each article that was included in the study. There were 128 articles reviewed in total and of these, 28 articles were considered relevant for inclusion in this study. These results of included articles are in Appendix A- Data Collection from Included Articles This table provides the key findings in the systematic review and will be discussed in further detail in the next chapter.

After the included articles where reviewed, they were assessed for quality using the levels of evidence and entered into Table 2. The levels of evidence were set by the author using the Reay et al. (2009) framework.
<table>
<thead>
<tr>
<th>Level of Evidence</th>
<th>Management Research</th>
<th>Articles in Dataset</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Least amount of bias</strong></td>
<td><strong>Level 1</strong></td>
<td>Randomized Controlled Studies, Meta-analyses</td>
</tr>
<tr>
<td>Level 2</td>
<td>Non-randomized Controlled Studies</td>
<td>21, 26</td>
</tr>
<tr>
<td>Level 3</td>
<td>Observational Studies</td>
<td>1, 5, 11, 12, 19, 22, 24, 27, 31</td>
</tr>
<tr>
<td>Level 4</td>
<td>Before After Studies</td>
<td>4</td>
</tr>
<tr>
<td>Level 5</td>
<td>Surveys and Case Studies</td>
<td>2, 3, 6, 9, 13, 15</td>
</tr>
<tr>
<td><strong>Most amount of bias</strong></td>
<td><strong>Level 6</strong></td>
<td>Expert Opinions</td>
</tr>
</tbody>
</table>

Limitations of the study will be discussed in Chapter 5.
Chapter Four – Discussion of Findings

In this chapter, the results of the literature review will be presented according to the research question “what are the critical success factors for succession planning in family farms?” The author’s literature review revealed 399 articles related to “family farm succession” published from 1995 to the current date. After the author reviewed the articles within the analytical framework, this systematic review included 28 articles. Figure C below shows the number of articles and the level of evidence.

Levels of Evidence

In the research every attempt was made to ensure that the highest level of evidence was used when conducting the systematic review. Figure C is an overview of the articles in each category of level of evidence. Level 6, having the most bias based on expert opinion, has 25% of the articles in this category. Level 5 has 21% of the articles in this category. Articles do not present research findings, but provide credible examples (Reay, Berta, & Kahn Kazman, 2009). The author identified only one article or 3% as Level 4 evidence. There are limited before and after studies completed on succession planning in family farms, this is gap (limitation) in the literature. The level having the most articles is level 3, with 32% of the articles identified in this research. In this level the articles were comparative and involved data collection from multiple organizations. There were two articles or 7% of the articles classified as level 2 evidence. These are articles that provided a synthesis and actionable recommendation (Reay, Berta, & Kahn Kazman, 2009). The articles with the least amount of bias were identified in level 1 with 10% amount of the articles included in the systematic review.
Key Themes

The overview of key themes found in the studies included in the systematic review are summarized in Figure D. When analyzing and synthesizing the data collected the author entered all the key themes into a spreadsheet found in Appendix A. The following section will discuss the findings in further detail.
Communication

Approximately 71% of the articles in the literature review found that communication, particularly intra-family communication, was the most mentioned theme. Communication is a critical factor in setting up a family farm for future success. Research by Kaplan, Nussbaum, Becker, Fowler, and Pitts (2009, p. 7) stated;

Intra-familial communication dynamics indicated heavy reliance on implicit understandings and expectations regarding other family members' intentions, roles, and responsibilities. This passive orientation toward communication, together with the sense that some families were in a "wait and see" pattern (regarding the career and relationship decisions of children), left key issues unresolved, e.g., who would be the successor and how would other family members be compensated.

As noted in the literature, effective communication between generations is essential to the successful transfer of family farm businesses. Family members’ needs, expectations and aspirations often are not explicitly discussed with all stakeholders, if discussed at all. This allows for assumptions to be made about others’ expectations and beliefs incorrectly. Both generations’ state fear of family conflict as the key reason family conversations about succession are being delayed and not being held. Uncertainty about family plans and the business environment have also contributed. Lobey et al. (2012 page 3742) states “A lack of transparency and ineffective communication between individual family members are cited amongst the main causes of conflict and failed management transfers”.

“Farm business succession planning is a process not an event. It takes time, effort, thought, calculations and communication. The process is critically dependent on each generation’s ability to communicate.” (Lobley, 2012, p. 3210).
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**Education**

Education is the second largest theme in the literature with 64% of the articles in the systematic review discussing it. According to Mishra and El-Osta (2008, p. 14):

Results indicate that operators with higher levels of education are more likely to have succession plans. In general, a higher level of education implies greater skills which, if employed for farming, entail a greater farm profitability that renders farming more attractive relative to off-farm jobs for prospective successors and increases the probability of succession.

**Wealth & Farm Size**

Having a larger family farm allows the generations sufficient space and responsibility allowing them to get away from one another. It is important to have a farm that will able to support the generations that are making a living off the farm. Of the 28 articles the challenge of wealth and farm size was examined in 54% of these articles included.

One of the main obstacles to successful transfer of the farm business from one generation to the next is inadequate farm size. Large farms hold out the best prospect of generating sufficient employment and income for a son to join the firm and become gradually involved in management before the transfer is complete. (Gasson, Crow, Errington, Hutson, Marsden, & Winter, 2008, p. 24).

Wealth and farm size were discussed in 54% of the included articles as a factor to succession in family farms. Glauben et al. (2009) stated “more profitable farms report a significantly higher probability of being transferred within the family”. These farms hold enough prospects to provide adequate income to support multiple generations. This is affirmed by Uchiyama (2008) by saying, “One of the factors which influence the route to succession is farm business size since smaller farms are likely to provide less opportunity for two generations to work side-by-side.”
Family Dynamics

Family dynamics was the 4th largest theme found in the articles included in this study. Taylor and Norris (2000) found in their study that fairness focuses on equal versus equitable division.

It appears that if adult siblings feel their family is close and warm they are likely to agree the transfer is fair and work out any problems with succession. Siblings who perceive their family as less close and warm, will likely perceive the transfer as unfair and succession will provide another battleground. (p. 281)

Successfully selling or passing down a business can be challenging at the best of times, but when family dynamics are introduced into the mix, the challenges can be much greater. Family farm failures can be attributed to the inability to address family dynamics. Growing up on a farm, members of the family develop a strong emotional connection to the family farm and with that comes a sense of entitlement to the farm or farm assets. When dealing with family dynamics, the issues must be addressed of fair (equitable) versus equal regarding succession early in the process, especially if there are off farm members impacted. Taylor, Norris and Howard (2000) suggest that agreement among family on rules of fairness, conflict and family warmth or relationship closeness was important to a smooth succession. They also concluded that families who are warm and close are not immune to conflict; they just have the ability to resolve it.

Goals & Objectives

Of the 28 articles included in the systematic review, 18% of them discussed goals and objectives of the generations involved with operating the family farm. The quote below from the findings in the Taylor, Norris, and Howard’s (1998) study highlights the differences in goals and objectives between two generations:
For example, one 63-year old father discussed the farm in terms of profit-oriented goals that would typify an entrepreneur: “My intention was to build a bigger operation, successful operation right from the start. And have my boys carry over.” He, however described the kind of continuity goal that would typify a yeoman: “One of the things I say if anyone sells this farm I’ll come back and haunt them.” (p. 560)

Setting personal and business goals and objectives provides a strategic platform to facilitate successful business transition. One has to ask all family members involved in the family farm the question; “what are the business goals, family goals and the personal goals of the individuals?” There can be differences in the goals and objectives among different generations working on the family farm. One generation may be an expander; described as having entrepreneurial drive, ambition, vision and a high need of control, and the other a converser. A Converser is not likely to challenge or push for control; they are inclined to go along with the situation and avoid a power struggle (Taylor, Norris, & Howard, 1998).
Chapter Five – Recommendations, Limitations, and Conclusions

In this section, the author provides the recommendations and conclusions from this systematic review that will help to answer the research question: What are the critical success factors to succession planning in family farms? The author will also provide insights into the study’s limitations and potential future research. The recommendations are based on the key themes identified in the findings.

Goals and Objectives

Based on the literature findings 18% of the included articles found that family members should determine their goals and objectives. The senior family member should define their retirement or post business ownership goals. It is important to develop a vision for the family farm, communicate the plan with all family members, and document it in writing so you have something to reference in the future. It is important to articulate future goals and to make any changes in order to assure that future goals are met.

Family Dynamics

There is the common expression, “It’s not personal, it’s business.” Well, in a family business, it is always personal. Separating emotions from the business is not an easy task, especially if one is directly supervising a family member. It is difficult for people to receive critical feedback from peers or their boss and even more difficult to receive from someone they love. Taylor, Norris and Howard (1998 page 554) states “For a family farm, there is a high degree of overlap between business, leisure and family life”. They also express “Decisions to transfer were sometimes based more on ‘heart’ than ‘head’.” (Taylor, Norris, & Howard, 1998, p. 568). After examining the findings the best way to deal with family dynamics is to hold
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frequent family meetings to communicate openly everyone’s thoughts on the overlap of business, leisure and family life.

Wealth & Farm Size

For succession to occur, the farm requires the ability to sustain multiple generations, provide enough retirement income for the retiring generations, and adequate income for the successors. The larger farms provide the best prospect of generating sufficient employment and income for the successor to become involved in the family farm. (Gasson, Crow, Errington, Hutson, Marsden, & Winter, 2008).

Education

Uchiyama (2008) advocates:

Since effective farm management requires the skills and knowledge learned from experience and related to a particular farm as well as from formal education and training (i.e. a combination of tacit and codified knowledge), the delegation of managerial responsibility is a vital mechanism for transferring farm-specific managerial know-how in a farm business. (page 40)

It is important for the potential successor(s) to acquire the skills and knowledge to take over the family farm. The skills and knowledge can be obtained through a combination of formal education, outside work experience and working alongside the predecessor to transfer the necessary skills and knowledge, empowering them to take a leadership role on the farm. This helps the successor build self-esteem and confidence, widens business experience and will improve their creditability in the eyes of nonfamily employees (Lobley, 2012).
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**Communication**

Strategies to improve communication include: to deal with conflicts, to consult with outside advisors, to set a plan/timetable to implement, to start planning early, professionalize the business relationship, and try to remove the family element. An outside advisor can ensure that everyone has the opportunity to voice his or her interests and concerns (Bennett, 2006).

**Conclusions**

The purpose of this systematic review was to explore the success factors for succession planning in family farms. This exploratory study was conducted to familiarize oneself with the topic and for the desire to a better understanding of the succession process. This study was extremely valuable as the researcher was breaking new ground and needed insights into succession planning in family farms. The findings and recommendations answered the research question posed “what are the critical success factors for succession planning in family farms?” From the recommendations, the author concludes with a guideline for overseeing the succession process:

- Start planning early
- Discover and manage goals and objectives
- Encourage open communication
- Develop a written succession plan
- Involve family and seek outside help
- Establish an education and development plan
- Take the opportunity to renew the family’s values and vision

It appears that real farm succession planning issues are not financially driven, nor tax related. In fact, they do not seem to be business related at all. They are based on the ability or
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inability to talk with family members honestly. If talks occur about the issues, concerns, dreams, and assumptions with each and every person affected by the decisions, this should ultimately provide a foundation for an effective farm succession plan.

In conclusion, succession planning can be an overwhelming process, especially when family is involved. Farm succession, inside or outside the family can be a difficult topic for families. It raises issues of changing roles, money, and death. These issues are intensely personal, even painful. It is easy to be overwhelmed.

In order for the farm to effectively transfer through to the next generation, it is important to understand the critical issues and how they may impact succession planning. This systematic review examined the factors that affect succession planning in family farms. Once the critical issues are understood and how they affect operations of the business, they have started down the road to succession success.

If a farmer were to sell the farm upon retirement, he would not receive the value of what it is worth and the son/daughter who wanted to purchase the farm could likely not afford to purchase it at its net present value. As more corporations backward vertical integrate, more and more factory farms are merging, and the family farm could become extinct in the near future. –With the baby boom generation approaching retirement age, the farming community is also aging, and those land come under intense pressure. For the sustainability of family farming intergenerational transfer has to happen.
Limitations, of the Study and Potential Future Research

Although the research has achieved its objectives, there were also limitations. First, the author completed this study independently, where teams of researchers usually complete a systematic review. It is good practice to have a minimum of two researchers involved so that measures to minimize bias and error can be implemented at all stages of the review.

Second, 25% of the articles included in the study generated level 6 evidence, based more on expert opinion, which is considered the weakest type of evidence with the highest amount of bias. Additionally, with a large percentage of the literature being expert opinion, it lends no empirical evidence to support the critical success factors identified in this study. This lack of empirical evidence highlights an opportunity for researchers to conduct studies with higher quality levels of research.

Thirdly, there was only one article included in the systematic review that was a before-and-after study, which is considered to generate level 4 evidence. Level 4 evidence is a comparison of outcomes in study participants before and after the introduction of succession planning. This gap has identified a need for research at this level to isolate variables to see what is successful before and after succession.

The fourth limitation is the lack of Canadian statistics on family farms; this presents an opportunity for Statistics Canada or for researchers to compile more information to stress the importance and provide awareness for the need for succession plans.
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References


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## Appendix A – Data Collection from Included Articles

### Systematic Review Data Collection – Included Articles

<table>
<thead>
<tr>
<th>Article Number</th>
<th>Article Title</th>
<th>Author</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Handing down the farm? The increasing uncertainty of irrigated farm succession in Australia</td>
<td>S. Wheeler a, *, H. Bjornlund a, b, A. Zuo a, J. Edwards</td>
<td>age, education, wealth &amp; farm size</td>
</tr>
<tr>
<td>2</td>
<td>Factors That Influence the Next Generation’s Decision to Take Over the Family Farm</td>
<td>C. Dumas, J. Dupuis, F. Richer, L. St-Cyr</td>
<td>education, birth order, family dynamics, commitment, wealth &amp; farm size, communication</td>
</tr>
<tr>
<td>3</td>
<td>A Note of Farmers’ Retirement and Succession Considerations: Evidence from a Household Survey</td>
<td>A. Kimhi, R. Lopez</td>
<td>family dynamics</td>
</tr>
<tr>
<td>4</td>
<td>On the Intention-Behaviour Discrepancy: Empirical Evidence From Succession on Farms in Finland</td>
<td>M. Vare, C. Weiss, K. Pietola</td>
<td>wealth &amp; farm size, age</td>
</tr>
<tr>
<td>5</td>
<td>Effect of agricultural policy on succession decisions of farm households</td>
<td>A. Mishra, H. El-Osta</td>
<td>wealth &amp; farm size, education, age, communication</td>
</tr>
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<td>6</td>
<td>Communication Barriers to Family Farm Succession Planning</td>
<td>M. Kaplan, J. Nussbaum, J. Becker, C. Fowler, M. Pitts</td>
<td>communication, family dynamics, off farm work, goals &amp; Objectives</td>
</tr>
<tr>
<td>9</td>
<td>Unbroken Threads? Succession and its Effects on Family Farms in Britain</td>
<td>C. Potter, M. Lobley</td>
<td>succession effect, farmers boy, successor effect, off farm job, wealth &amp; farm size, education, communication, retirement effect</td>
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<td>10</td>
<td>Rewarding role for the Chartered Accountant</td>
<td>B. Bennett</td>
<td>communication</td>
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<td>11</td>
<td>Siblings Relationships, Fairness, and Conflict Over Transfer of the Farm</td>
<td>J. Taylor, J. Norris</td>
<td>communication, family dynamics</td>
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<tr>
<td>12</td>
<td>Succession Patterns of Farmer and Successor in Canadian Farm Families</td>
<td>J. Taylor, J. Norris, W. Howard</td>
<td>goals &amp; objectives, family dynamics, wealth, communication</td>
</tr>
<tr>
<td>13</td>
<td>Succession in the Family Farm Business</td>
<td>M. Lobley</td>
<td>succession effect, farmers boy, successor effect, communication, retirement effect</td>
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<td>14</td>
<td>Thoughtful Succession Planning Keeps Families Farming for Generations</td>
<td>A. Zenk</td>
<td>communication, wealth &amp; farm size, education,</td>
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<tr>
<td>15</td>
<td>Planning farm succession: how to be successful</td>
<td>M. Stephens</td>
<td>goals &amp; objectives, wealth &amp; farm size, education,</td>
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<tr>
<td>16</td>
<td>Farm and Ranch Succession Planning, Part 1: The Time is Now</td>
<td>T. Gudorf, D. Beckett</td>
<td>education, commitment, communication, family dynamics</td>
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<tr>
<td>17</td>
<td>Probability and Timing of Succession or closure in family farms: a switching regression analysis of farm households in Germany</td>
<td>T. Glauben, M. Petrick, H. Tietje</td>
<td>age, timing</td>
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<td>18</td>
<td>Changing of the Guard</td>
<td>A. Burt</td>
<td>communication, education</td>
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<td>Article Number</td>
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<td>Key Findings</td>
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<td>19</td>
<td>Succession in Family Farm Business: Empirical Evidence from the U.S. Farm Sector</td>
<td>A. Mishra, H. El-Osta, J. Johnson</td>
<td>education, age, wealth &amp; farm size, off farm job, communication</td>
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<td>20</td>
<td>Optimal timing in the problem of family farm transfer from parent to child: an option value approach</td>
<td>D. Miljkovic</td>
<td>education, wealth &amp; farm size</td>
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<tr>
<td>21</td>
<td>Handing over the reins: A comparative study of intergenerational farm transfers in England, France and Canada</td>
<td>A. Errington</td>
<td>farmer’s boy, communication</td>
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<tr>
<td>22</td>
<td>Retirement and Succession Planning of Farm Households: Results from a National Survey</td>
<td>A. Mishra, J. Johnson, M. Morehart</td>
<td>education, age, wealth &amp; farm size, education, off farm job, communication</td>
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<tr>
<td>23</td>
<td>Explaining farm succession: the impact of farm location and off-farm employment opportunities</td>
<td>A. Ochoa, V. Oliva, C. Saez</td>
<td>education, age, wealth &amp; farm size</td>
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<td>24</td>
<td>Family and Non-Family Succession in the Upper-Austrian Farm Sector</td>
<td>A. Stigibauer, C. Weiss</td>
<td>wealth &amp; farm size, age, education</td>
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<td>27</td>
<td>Intergenerational Succession on Israeli Family Farms</td>
<td>A. Kimhi, N. Nachlieli</td>
<td>education, age, off farm work</td>
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<td>28</td>
<td>The kids are alright</td>
<td>J. Faulkner</td>
<td>communication, education,</td>
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<td>29</td>
<td>Succession Decisions in US Family Farms Businesses</td>
<td>A. Mishra, H. El-Osta, S. Shaik</td>
<td>education, age, off farm work, communication</td>
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<td>31</td>
<td>Dimensions of Intergenerational Farm Business transfers in Canada, England, the USA, and Japan</td>
<td>T. Uchiyama, M. Lobley, A. Errington, S. Yanagumura</td>
<td>farmer’s boy, wealth &amp; farm size, education, communication</td>
</tr>
<tr>
<td>32</td>
<td>Keeping it in the Family: International Perspectives on Succession and Retirement on Family Farms</td>
<td>M. Lobley, J. Baker, I. Whitehead</td>
<td>age, education, communication, farmer boy, wealth &amp; farm size, family dynamics, succession effect, successor effect, retirement effect, goals &amp; objectives</td>
</tr>
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</table>
Appendix B - PRISMA Flow Chart Identification, Screening, Eligibility & Included Studies

1. Records identified by:
   - All searches combined (n= 399)
   - All levels of evidence
   - Including gray literature
   - Keyword search:
     - Family farm succession

2. Duplicated removed automatically from UPEI databases & manually from Google scholar

3. Records screened by Language after removing duplicates.
   - English Language only
   - Articles dated between 1995-2012

4. Records excluded at title screening

5. Full text not available

6. Records screened by title/abstract

7. Records excluded at initial screening
   - Titles & abstracts
   - Keywords listing (see Table 1)

8. Full text articles assessed for eligibility

9. Full text articles excluded, with reason
   - Framework of Research Question (see Figure B)

10. Studies included in synthesis
    - N= 28