



AgEcon SEARCH

RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.



Centre for Agricultural Strategy



Smallfarmers' Association

Strategies for family-worked farms in the UK

Edited by R B Tranter

CAS Paper 15 December 1983

14 Succession on family-worked farms in Warwickshire

M R Hastings

INTRODUCTION – THE PROBLEM

At 15 Roger left school and the small family farm where his interest in farming had taken root and grown. At 24 he had rented his first small farm. At 54, after two moves and a number of dealings with rented and freehold parcels of land, he knows that even if his two sons decide eventually to split the present farm, they will still be able to make a living.

Roger's elder brother took over the small family farm. He has two sons and hopes the eldest will return and take over the farm if, and when, he retires. Neither son has been successful in obtaining their own holding.

This short note reports some impressions gained from an exploratory survey which set out to examine how sons are integrated into the family-worked farm, and how management control is transferred from father to son. Interviews were held with 36 sons and their 25, mainly owner-occupier farming fathers.

RETURNING HOME

Two-thirds of the sons interviewed had returned home for full-time employment direct from school. The remaining third had delayed their full return usually in order to follow a full-time agricultural course. This had often provided the only opportunity to spend time working on other farms, as part of the course requirement.

Very few fathers felt that sons should return home immediately from school. Those that did were adamant that they themselves were the best teachers for

their sons. Generally two to three years away from the family farm was favoured and could include a college course if the son had the ability. The majority of sons made similar recommendations and in many instances regretted that they had not left home for a while when the opportunity was there. Full-time college courses were recommended as much for their effect on helping the sons to grow up as for their educational value.

INTEGRATION

Where the integration of sons appeared feasible to the family, there was clearly an expectation and hope on the part of both the parents and sons that they would work at home. In a few instances additional pressure was applied through the mother's concern for her husband's health, or by a feeling on the part of the son that, despite his aspirations for further study or an alternative career, his father needed him at home.

On the smaller or less intensive farms, there was considerable uncertainty as to how the son could be integrated into the farm and sufficient income generated to maintain the enlarged family. Two-thirds of the farms surveyed had either rented or purchased additional land during the five years prior to the survey. Clearly the aim was to build the business up sufficiently to support parents, sons and their families, and if necessary allow the sons to split the business at a later stage.

This process of farm enlargement could well be reducing farming opportunities for the sons of smaller family farms where it is not possible for the sons to return home. Inevitably it is the smaller farm businesses that tend not to be able to expand.

Expansion through acquiring additional land or by intensification is not always possible and alternative sources of income are often sought. High on the list is contracting and sons who undertake relief milking or provide additional labour at peak work times on neighbouring farms. Other examples include potato and straw merchanting, farm machine repair work and car repair and maintenance.

An interesting alternative to additional enterprises for the sons is an alternative occupation for the father. Of the 25 farmers interviewed, two had taken on paid work elsewhere and one had decided to spend the major part of the week on public duties. In each case the father still retained overall control of the farm.

WORKING WITH FATHER

Letters and articles in the press concerning farmers' sons often highlight, but nevertheless give a misleading impression of, the number of farming fathers that

can be described as despotic. Clashes and arguments are inevitable in any family.

Bad feeling between father and son most frequently arose over time-keeping, time off, the use of vehicles and fathers' criticism of the sons' work methods or decisions. Rarely was the argument concerned with major policy issues.

The most serious causes of frustration reported by the sons were, interference by father in jobs where the sons felt they were responsible, lack of discussion of long-term plans for succession and retirement and delays in implementing agreed plans and decisions.

Frustration is often expressed by the son to his wife and outsiders, but the son's feelings are usually suppressed in front of father. Loyalty and respect are perhaps enhanced by the authority and power of the person who controls the inheritance.

TRANSFERRING CONTROL

The over-riding factor which determines the extent of the son's involvement in management appears to be the age of the father and his desire to take things easier. Involvement of the son in management is more difficult on the smaller and single enterprise farm. Until father's age begins to take effect, management of the farm is well within the capacity of the father. Involvement of the son, to be effective, requires a carefully thought out strategy with good, open communication between father and son. In these situations sharing of responsibility is necessarily contrived and difficult to manage.

On larger and multiple enterprise farms there is far greater opportunity for the son to share in management activities. This may consist of almost total management of a particular enterprise or of defined responsibilities within the overall running of the farm.

Three distinct phases in the transfer of management control are apparent. Supervision of staff, day to day work planning and the selection, use and operation of machinery are likely to be the first responsibilities carried by the son. The second phase appears when the son becomes increasingly involved in longer term planning of crop and stock enterprises, development plans and staffing. The final phase introduces the son to the activities of deciding when to buy and sell, negotiating purchases and sales, deciding when to pay bills and dealing with finance and loans.

Part of the reason for fathers retaining responsibility for the management of finance is situational. The young and energetic son is busy learning the important technical husbandry skills during the early years. The majority of fathers appreciate the extent to which they can reduce their heavy physical work responsibilities. Their experience, contacts and time use, are ideally suited to deal with buying, selling and financial matters. Quite naturally, when sons are

confronted with the possibility of taking over responsibility for the farm immediately, their greatest concerns were over carrying out buying and selling, negotiating, dealing with father's contacts and 'the books'. Although for the latter item many felt they would be able to get appropriate help when it was needed.

PERSONAL OUTCOMES

As fathers had sufficient influence and control to prevent any major errors they had few fears of sons making mistakes or over-spending. The most serious concern was that the son might want to introduce new enterprises which father did not favour, or feel were in the best interests of the business.

On the whole, the sons were reasonably satisfied with their situation, although some of the younger sons felt they should be more deeply involved in the management at a much earlier stage. The most significant factor in determining the son's overall satisfaction appeared to be the level of involvement he felt he had in running the business. The item most likely to be causing the son concern is lack of knowledge of father's long-term intentions for the family business. Legal partnership in the business, which had occurred for many of the sons in their early-twenties, appeared to be purely a Capital Transfer Tax expediency.

SUMMARY

The strategies adopted by family-worked farms with regard to integration and succession vary according to the size and type of farming and the size of the family. Trends toward larger farms and high youth unemployment combine, not only to reduce opportunities for new entrants to the industry, but also to add to the economic pressures on small and medium farms who have little option but to make a place for the son on the farm.

Despite the feelings of fathers and sons that periods of work and study away from the family farm are advisable, few sons make the initial break to get away.

The extent of management control transfer that takes place is largely determined by the fathers' age. Involvement and transfer of responsibility takes place over an extended period and appears to follow set but unplanned phases which are identified by responsibility content rather than set timings.

The majority of sons appeared reasonably satisfied with their situation, but most would prefer to know more about their fathers' long-term plans and strategies for their businesses.

Ironically, the proprietors of successful family-worked farms will, in their desire to do the best for their sons, possibly reduce the farming opportunities for the sons from their smaller neighbours as was the case with Roger and his brother.