EVALUATION OF THE FACTORS THAT ENSURE LONG-TERM SUSTAINABILITY OF FAMILY FARMS

S.P. van der Merwe

Correspondence author: Potchefstroom Business School, North-West University, Private Bag X6001, Potchefstroom, 2520.

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ABSTRACT

This study analyses the factors that ensure long-term sustainability of family farms. A comprehensive questionnaire was used to analyse 12 factors and 41 sub factors in family farms in South Africa. A total of 205 questionnaires of 31 family farms were gathered and used for the statistical analysis. Results show that the following challenges need attention to ensure the continuation of the farm as a family farm in the future: corporate governance; performance measurement and compensation of family members; ownership succession; family harmony between all family members and management succession planning. Recommendations are made to ensure that family farms overcome these challenges to enable the family to successfully transfer the farm to the next generation of family members.

1 INTRODUCTION

The contribution of family businesses is increasingly recognised as a potential driver of economic growth and wealth creation in the world (Basu, 2004:13; Ibrahim, Soufani & Lam, 2001:245; Birley, Ng & Godfrey, 1999:598).

It is estimated that between 70 and 90 percent of businesses in the United States of America can be classified as family businesses (Bareither & Reischl, 2003:20; Ward & Aronoff, 2002:3). Family businesses, furthermore, employ almost half of the workforce and generate between 40 to 60 percent of the gross national product of the United States of America (Fleming, 2000:12; Leach & Bogod, 1999:viii).

1 Potchefstroom Business School, North-West University, Private Bag X6001, Potchefstroom, 2520.
In Europe, according to research done by the International Family Enterprise Research Academy (IFERA) (2003:235), family businesses are the majority of all businesses in France, Germany, the Netherlands, Portugal, Belgium, United Kingdom, Spain, Sweden, Finland, Greece, Cyprus and Italy.

It is clear, therefore, that family businesses play a critical important role in economic growth and wealth creation in the world. South Africa is no exception. According to Van der Merwe (1998:3), family businesses have been making a positive contribution towards the South African economy for the last 300 years. Ackerman (2001:325) estimated that 80 percent of businesses in South Africa could be classified as family businesses and that these businesses comprise 60 percent of the companies listed on the Johannesburg Stock Exchange. Swart, P.J. (2005:2) pointed out that acknowledgement of the important contribution of family businesses in South Africa is critical for overall wealth creation.

Family farms, as an integral part of the family businesses, play an important role in the South African economy, especially in the non-urban areas. It is, therefore, no surprise that the oldest family business in South Africa is a family farm. The Van der Merwe family established the farm, Boplaas, in 1743 in the Western Cape. The ninth generation of the Van der Merwe family is currently managing the farm (Maas, Van der Merwe & Venter, 2005:6).

2. PROBLEM STATEMENT

Van der Merwe (2003:30; 2005:2) emphasised that today’s economic realities and unemployment have forced many people to enter an existing family farm. Family farms are unique in the sense that family interests should be aligned with the business interests of the farm (Van der Merwe, 2005:2). A non-family farm is run solely on a business only basis, but where family members are working together, disputes in the farm usually have a ripple effect on family relations, and vice versa. If the interaction between family and business is not managed efficiently, a serious conflict of interest may arise, which may jeopardise the sustainability of the family farm (Van der Merwe, 2005:2).
Lansberg (1999:1) stressed that the lack of longevity of family businesses are a major concern. Among those that survive, only 30 percent are successfully transferred to the second generation of the founding family owners, and only 13 percent to the third generation (Ward 1987:1). Although these statistics, according to Van der Merwe and Burger (2004:66), are not directly applicable to the South African farming sector, it still is a disturbing figure. A significant number of family farms fall into the hands of strangers within ten years after the family farm had been handed over to the younger generation family members. Losing a family farm have serious social and economic consequences for the specific family. (Van der Merwe & Burger, 2004:66).

In this day and age the management of a farming enterprise is no easy task; so much more managing a family farm. Family farming operations occur in an environment of conflicting needs and expectations, but also between family members with diverse personality traits (Van der Merwe, 2005: 2). It is, therefore, important that family farm owner-managers take note of the factors that can negatively impact on the continuation of the farm as a family farm in the future, and do their utmost best to overcome it. If the unique challenges facing family farms can be properly managed and planned, the survival of the family farm is feasible.

Extension officers should act with insight to those factors that play a critical role in the sustainability of family farming enterprises. They should be capable of displaying a vital amount of understanding and empathy to support and mentor farmers to overcome obstacles.

The main objective of this study is to evaluate the factors that ensure long-term sustainability of family farms. In order to achieve the main objective, the subsequent sub objectives must be met:

- To determine what a family farm is.
- To obtain insight into the unique challenges facing family farms by means of a literature study.
- To identify the factors that could ensure long-term sustainability of family farms.
3. LITERATURE REVIEW

3.1 Definition of a family farm

Sharma (2004:3) stated that numerous attempts have been made to articulate conceptual and operational definitions of family firms. Various researchers reviewed existing definitions, made attempts of consolidation of thoughts and conceptualised another definition of family businesses (Chua, Chrisman & Sharma, 1999:19; Neubauer & Lank, 1998:5; Goodman & Dreux IV, 1997:1; Litz, 1995:71; Brockhaus, Sr., 1994:30; Bork, 1993:24; Lea, 1991:5; Handler, 1990:37). However, it is not the intention to discuss all these definitions, because it does not form part of the focus for this research.

For the purpose of this research paper, the definition of Ibrahim and Ellis (1994:4) will be adopted. Ibrahim and Ellis defined a family business as follows: at least 51 percent of the business is owned by a single family; at least two family members are involved in management or operational activities; and the transfer of leadership to next generation family members is anticipated.

A family farm, therefore, can be defined as a farm where a single family owned a majority stake of the farm, two or more members are employed by the farm and the future continuation of the family farm is foreseen.

3.2 Challenges to the long-term sustainability of family businesses

According to Leach and Bogod (1999:3), family businesses differ in a variety of important ways from non-family businesses. Jaffe, Bork, Dashew, Lane and Paul (2003:35) caution that many problems in family businesses occur, because family and the business are two separate systems with different and competitive needs and objectives.
Emens and Wolper (2000:2), as well as Leach and Bogod (1999:27), stated that a family focuses inward, encouraging loyalty, nurturing and security. In contrast, the business system focuses outward, encouraging change, growth and expansion (Leach & Bogod, 1999:2). Similarly, Emens and Wolper (2000:27) emphasised that the business system focuses on the production of goods, services or information, placing high value on competent individualism, efficiency and productivity. The family system, therefore, involves emotional acceptance while the business system requires rationality and results (Bork, Jaffe, Lane & Heisler, 1993:23).

The interaction between the family and business systems can lead to role conflict and confusion, which causes stress to relationships and effective communication (Swart, H.C. 2005:31). Jaffe (1991:26) is of the opinion that a separation of business from family, and the clarity of rules by which the business operates are characteristics of successful family businesses. Carlock and Ward (2001:7) argue that families who equalise family and business systems create a positive environment wherein the family thrives and the business performs. These families want, collectively, both a successful family life and a successful business.

According to Astrachan and MacMillan (2003:21), conflict and the failure of communication contribute to the downfall of many family businesses. Ward (2004:25) stressed that family businesses with a long history of success are those that work very hard at effective communication in resolving issues and conflict. Some previously successful family companies that failed as family firms ascribed their downfall to a lack of effective communication (Ward, 2004:15). Successful family businesses should address communication in the different systems by putting in place forums, procedures and structures that promote, facilitate, and assure good, ongoing sharing of information, ideas, opinions, attitudes and feelings (Ward, 2004:15; Astrachan & MacMillan, 2003:34).

According to Bork, Jaffe, Lane, Dashew and Heisler (1996:75) there is no greater source of family business problems, nor more fertile ground for their cure, than the family business compensation system. Buchholz, Crane, and Nager (2000:262) stressed that compensation needs not be a
thorny issue. The trick is to have a compensation strategy that is consistent, fair and open. Resentment and conflict tend to occur when these three attributes are missing (Buchholz et al., 2000:262).

Lansberg (1998:56) stressed that the basic decision whether to continue the family ownership is extremely difficult to discuss and is typically avoided. Voeller, Fairburn and Thompson (2002:30) also highlighted the importance of the decision to keep the business as a family business. Carlock and Ward (2001:54) said that family commitment is a priority discussion for the family as it supports the development of the shared vision and the family business continuity plan.

Harvey and Evans (1994:334) caution that management succession planning is regarded as one of the most critical aspects of ensuring continuity in family enterprises and should become part of strategy early in its lifecycle (Aronoff & Ward, 1992:1). Lansberg (1988:120) defines succession planning as taking the necessary precautions in good time to uphold the harmony in the family and the continuity in the business for the next generation. These safeguarding measures should bear in mind the future needs of the family as well as the family business. It is considered as imperative that the manager/owner drafts a succession plan in advance and that the plan is communicated to all concerned parties (Levinson, 1971:90-98). Such a written plan should not only include who the successor is going to be, but also how the succession process should proceed.

Ownership succession is a lifelong process in which the family arranges, manages and secures assets and liabilities (Maas et al., 2005:80). The ownership succession plan denotes the next generation of family business owners and the conditions of transferring proprietorship in the family business enterprise (Cohn, 1992:24). The most common source of family business conflict arises from a lack of coordination between management succession and ownership succession (Leach & Bogod, 1999:233; File & Prince, 1996:172; Jaffe, 1991:216).

Neubauer and Lank (1998:ix) stated that for the family business, good corporate governance makes all the difference. According to Lansberg (1999:280; 281), very few family businesses avail themselves of the benefits of effective governance – and very few have effective boards
and regular family meetings. Aronoff and Ward (1996:3) stated that the history of family business is full of ruinous examples of what can happen in the absence of effective corporate governance. Effective corporate governance required accountability between shareholders and the business, as well as setting family policies that can prevent arbitrary decisions (Aronoff & Ward, 1996:3).

The literature study gave valuable insight in those factors necessary for the long-term sustainability of family businesses. Based on the literature study 12 factors related to the sustainability of family farms were identified, i.e. Managing the interaction between family and business issues; Family harmony among all family members; Family harmony among the active family members; Performance measurement and compensation of family members; Continuation of the farm as a family farm; Successful participation of the younger generation family members; Development of the younger generation family members; Lack of factors that necessitate management succession; Readiness for succession of the senior generation family member; Management succession; Ownership succession and Corporate governance in the family farm. The 12 factors are, furthermore, subdivided into 41 sub factors. Refer to Appendix 1 for a detailed layout of the factors and sub factors. Swart, H.C. (2005:124-126) demonstrated an agreement between the literature and the factors and sub factors used in this study.

4. RESEARCH METHODOLOGY

A comprehensive questionnaire was designed to evaluate the 12 factors and 41 sub factors on the basis of a seven point Likert scale. The latter, commonly referred to as a summated scale, was introduced by Rensis Likert in the 1930s and consists of a collection of statements about the attitudinal object as stipulated by Babbie and Mouton (2001:153). In respect of each statement, subjects have to indicate the degree to which they agree or disagree on a certain scale (Welman & Kruger, 1999:155). Likert scales, according to Salkind (2006:133), are the most popular type of attitude assessment scale.

The target population of this research was family farms in South Africa. That include active and inactive family members. For the purposes of this study, active family members is defined as family members who are permanently employed by the family farm. Inactive family members refer to family members not in the service of the farm and could include spouses, children, in-laws, brothers and sisters. The
inactive family members play an important role in the lives of family-member employees, for example in-laws, and therefore, should be included in the study.

The techniques used to distribute and complete the questionnaires include: distribution of questionnaires via post, e-mail or facsimile, personal delivery of questionnaires, followed up by telephone calls (See Du Plooy, 1995:109–124; Neuman, 1997:251–263). Throughout the data collection process a major challenge was to persuade all the family members of a particular family, including the active (employed by the farm) and inactive family members, to complete the questionnaire.

Each questionnaire was sent with a cover letter that guaranteed the confidentiality of the respondents, as well as a return-paid envelope in order to make it as easy as possible for respondents to take part in the research.

All data, including biographical and farm specific information was captured and summarised where relevant. For the purpose of this paper, the responses of the active and inactive family members on the Likert scale items, were combined and analysed as one group, i.e. all family members. The data were statistically analysed, using Statsoft, Inc. (2004). The arithmetic mean and standard deviation for each factor and sub factor were determined (see Levine, Stephan, Krehbiel & Berenson, 2005:105-118). A dependant t-test was done to determine the statistical significance of the differences between the means of the factors (see Levine et al., 2005:385-390).

5. RESULTS AND DISCUSSION

5.1 Personal and socio-economic characteristics of the respondents and family farms

A total of 205 usable questionnaires were gathered. That includes 31 family farms, with a total of 103 active and 102 inactive family members.

The majority of the respondents were under the age of 40 (61 percent), 12 percent between the ages of 40 and 49, 16 percent over the age of 50, with 11 percent over the age of 60. A total of 72 percent of the
respondents are married, 25 percent are single and three percent are divorced. Furthermore, an equal distribution between male and female respondents realised (51 percent male; 49 percent female).

Seventy (70) percent of the 31 family farms investigated can be categorised as small farms in the South African context (less than 50 permanent employees). The rest (30 percent) can be categorised as medium-sized farms (between 51 and 200 employees). A total of 26 percent of the farms have an annual turnover of less than R2.5 million, 48 percent between R2.5 million and R10 million, with 26 percent between R10 million and R50 million.

5.2 Factors and sub factors influencing the sustainability of family farms

The results of the evaluation of the 12 factors by the 205 family members are depicted by Figure 1. Refer to the literature study for a detailed discussion of the 12 factors, and to Appendix 1 for an outlay of the 12 factors and 41 sub factors.

Figure 1: Results of the evaluation by all the family members

The total mean of all the factors and sub factors, as evaluated by all the family members, is calculated at $\bar{\pi} = 4.237$. Refer to Appendix 1 for the detailed results of the evaluation of the factors and sub factors by all the
family members. The results is subsequently presented from the lowest ranked to the highest ranked factors (1 = lowest ranked factor; 12 = highest ranked factor).

For the purposes of this paper, the 12 factors are divided in two groups, the six lowest ranked factors (\(\bar{x}<4.300\)) and the six highest ranked factors (\(\bar{x}>4.300\)).

### 5.3 The six lowest ranked factors

The six factors, which were evaluated the lowest, are subsequently discussed from the lowest to the highest arithmetic mean value.

The family members ranked the factor **Corporate governance in the family farm** (Factor 12: \(\bar{x}=3.728\)) as the lowest of the 12 factors.

The factor **Performance measurement and compensation of family members** (Factor 4: \(\bar{x}=3.766\)) was also evaluated very low. The sub factor **Disciplinary procedures in the family farm** (\(\bar{x}=2.786\)) was evaluated very low. The sub factors **Performance measurement of the family members** (\(\bar{x}=3.534\)) and **Compensation policy for the family farm** (\(\bar{x}=3.898\)) were also evaluated unfavourable. However, the sub factor **Clear roles and responsibilities in the family farm** (\(\bar{x}=4.849\)) obtained a high score.

The factor **Family harmony among all family members (active and inactive)** (Factor 2: \(\bar{x}=4.056\)) was also evaluated as a problem area in the family farms investigated. The family members evaluated the sub factors **Prevention and management of conflict among all family members** (\(\bar{x}=3.337\)) and **Establishing and maintaining effective communication forums** (\(\bar{x}=3.571\)) very unfavourable. The **Degree of conflict among all family members** (\(\bar{x}=4.044\)) and the **Degree of communication among all family members** (\(\bar{x}=4.136\)) obtained an average ranking. The family members gave a very positive evaluation of the sub factor **Degree of family harmony among all family members** (\(\bar{x}=5.191\)).

The fourth lowest ranked factor was **Ownership succession** (Factor 11: \(\bar{x}=4.095\)). The sub factors **Acquiring ownership or proprietary interest in the farm** (\(\bar{x}=3.554\)) and **Sufficient financial provision for the retirement of the senior generation** (\(\bar{x}=3.669\)) obtained a very low score. The sub factors **Estate planning** (\(\bar{x}=4.067\)) and **Calculation and minimising of estate taxes**
(\bar{x} = 4.210) obtained an average score. The sub factors Liquidity of the farm after retirement/trauma/death (\bar{x} = 4.697) and the Perception of the equality and fairness of the will (\bar{x} = 4.752) rated high.

The family members also gave a relative negative evaluation to the factor Management Succession (Factor 10: \bar{x} = 4.257). The sub factors Final transfer of management to the prospective successor(s) (\bar{x} = 3.064) and Management succession planning (\bar{x} = 3.304) obtained a very low evaluation. The sub factor Criteria for the selection of the successor(s) (\bar{x} = 4.213) obtained an average arithmetic mean score, whereas the sub factors Suitability of the prospective successors(s) (\bar{x} = 5.396) and Expected positive outcome after management succession (\bar{x} = 5.308) were evaluated as very favourable in the sample of family farms investigated in the study.

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The factor Readiness for succession of the senior generation family member (Factor 9: \bar{x} = 4.273) was ranked as the sixth lowest factor.

5.4 The six highest ranked factors

The second group of six factors, which were evaluated the highest, are discussed from the highest to the lowest arithmetic mean value.

The factors, Lack of factors that necessitate management succession (Factor 8: \bar{x} = 5.303); Successful participation of the younger generation family members (Factor 6: \bar{x} = 5.266); Development of the younger generation family members (Factor 7: \bar{x} = 5.081); Managing the interaction between family and business issues (Factor 1: \bar{x} = 4.934), Continuation of the farm as a family farm (Factor 5: \bar{x} = 4.503) and Family harmony among the active family members (Factor 3: \bar{x} = 4.452) were evaluated as the six highest ranked factors. The three sub factors Acknowledgment of individual needs and dreams of family members (\bar{x} = 3.597), Prevention and management of conflict among the active family members (\bar{x} = 3.732) and A Clear future vision of the family farm (\bar{x} = 3.828) obtained a low (\bar{x} < 4.000) arithmetic mean.

Appendix 1 provides a detailed outlay of the arithmetic mean and standard deviation of the various factors and sub factors evaluated by all the family members in the sample of family farms analysed in this study.
Table 1:  The statistical significanse of the differences between the means of the six lowest and six highest factors influencing sustainability of family farms

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<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
<th>Factor 4</th>
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<tr>
<td>Factor 1</td>
<td>X = 4.943</td>
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<td>&lt;0.0001**</td>
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<td>Factor 2</td>
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<td>0.0161*</td>
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<td>Factor 3</td>
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<td>Factor 4</td>
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<td>Factor 5</td>
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<td>Factor 6</td>
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<td>Factor 7</td>
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<td>0.0244**</td>
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<td>Factor 9</td>
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<td>Factor 10</td>
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<td>Factor 11</td>
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<td>0.9168</td>
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* indicates p < 0.05  
** indicates p < 0.01  
*** indicates p<0.001
5.5 Differences between the means of six lowest and six highest factors

A dependant t-test was performed to determine the statistical significance of the differences between the means of the highest and lowest factors (see Levine et al., 2005:385-390). Refer to Table 1 for an analysis of the differences between the means of the factors.

With regard to the differences between the six lowest and the six highest factors, all the differences between the two groups of factors are statistically significant (p<0.05), except for the difference between Factor 3 with Factor 9, 10 and 11 respectively. This is an indication that the group of factors with highest means are in most cases statistically more important to the participants than the group of factors with lowest means.

6. SUMMARY AND CONCLUSIONS

The study has formulated a comprehensive instrument in order to diagnose family farms. In refining and polishing the instrument it will contribute to determine the state of the unique factors or challenges that can impact on the sustainability of an individual family farm.

The arithmetic mean of the evaluation of the factors and sub factors by all family members indicates a general norm against which individual family farms could be measured. An arithmetic mean of $\bar{x} = 4.237$ was computed. However, this norm requires supplemental research to fine down the instrument as a diagnostic tool.

If one compares the factors and sub factors relatively with each other, the following conclusions may be drawn from this study.

Family members who partook in the research study agreed that the interaction among family matters and business factors was being managed effectively in their respective family farms. Consequently, no anxiety exists concerning family favouritism or family partiality in their farms. It further indicates that family members do not perceive the family taking emotional business decisions in favour of the family, but which are detrimental to the sustainability of the farm. Generally, sound business decision-making takes preference.
Family harmony among all family members was evaluated as a problem area in the family farms analysed. The establishment and maintenance of effective communication forums, as well as the prevention and management of conflict, have been identified as flaws. The performance measurement and compensation of family members were evaluated as very negative. Having a disciplinary policy in place for the family farm, objective performance appraisal of family members, and the compensation policy were emphasised as being inadequate and in need of urgent attention. It appears, however, that family members perceive that clear roles and responsibilities are in place in their respective family farms.

The study indicates that family members are concerned about a clear future vision for the role of the family in the family farm, as well as discussing individual needs and dreams of family members. The senior and younger generation family members that participated in the study are committed to the continuation of their respective farm as a family farm in the future.

Active family members are, furthermore, of the opinion that the younger generation family members successfully participate in the farming operations. They generally have good business sense, are able to add significant value to the farm, are happy to be employed by the farm, earned credibility in the farm, network with people and they empowered themselves.

From the study it further manifests that the active family members are of the opinion that the younger family members are competent, receive adequate training and development, that a participative management style are preferred at their respective farms and that they can reach their full potential within the family farm.

Family members are of the opinion that senior generation executive managers should not be discarded or replaced prematurely, as it were. It clearly shows that, in the opinion of the majority family members questioned, that the executive manager still adds pertinent value to the farming enterprise and that no significant internal problems are prevalent in the farm.
Family members, however, view the senior generation executive manager as not ready for management succession. One should keep in mind that individual and unique circumstances prevail in the different family farms and that a generalised conclusion is inappropriate. The relevance and urgency of the transfer of the management of the farm to the younger generation family members should be determined by the unique circumstances of the specific farm.

Management succession was also evaluated relatively low by family members. Management succession planning and clarity concerning the final transfer of management to the younger generation family members is an honest concern. Ownership succession was also evaluated as a major concern. Family members are specifically concerned about estate planning, estate taxation, a clear policy about ownership and proprietorship, and sufficient retirement planning and provision for senior family members.

Corporate governance was raised as a huge problem area by all family members. Corporate governance in any organisation is imperative. This includes the establishment of corporate governance bodies (family forums) as well as the laying down of the necessary rules and regulations to ensure effective corporate control in the family farm.

It is the opinion of the author that in using this instrument to diagnose the unique challenges facing family farms contentious issues can be identified in individual family farms, but more importantly, to place them in an order of urgency. It can also provide the farm with needed management information to formulate strategies and practical business solutions to overcome the specific factors or challenges that could have a negative impact on the sustainability of the family farm.

An additional benefit that family farms can derive from undergoing the diagnosis is that all family members can obtain a personal advantage from the diagnosis – especially the inactive members who often feel left out of the activities of the farm. By filling out the questionnaire they are given the opportunity to air their opinions about aspects that otherwise are usually ignored or simply just not discussed at family forums, but are most important for the current and future success of the farm. The instrument also ignited a new interest and consciousness of family dynamics and the farming affairs of the family farm. An invigorating
alignment of interests to the benefit of the whole family and the farm could also come into being.

7. PRACTICAL RECOMMENDATION TO FAMILY FARMS

Setting up and maintaining a family forum in family farms should be encouraged actively. Family forum meetings can be used as an important mechanism to improve communication among all family members and to identify and resolve differences among members. Aspects such as communication enhancement among all family members, their individual dreams and needs, the prevention and management of conflict, corporate governance in the farm, performance measurement, the compensation of family members and succession and ownership planning are all urgent and weighty issues to put on the table for discussion.

Establishing corporate governance bodies and rules and regulations to ensure effective corporate governance are highly recommended.

The study highlights that performance measurement and compensation of family members should be made a high priority issue. The process should start by enacting clear-cut roles and responsibilities of active family members, which can act as the basis for future evaluation of performance (of both senior and younger generation family members) and market-based compensation. Setting up disciplinary policies and procedures would also address this important issue.

The continuation of the farm as a family farm in the future should be discussed at family forum meetings. It is recommended that time and effort should be spent on formulating a clear future vision for the family business, and to often revise it. As mentioned before, the dreams and needs of family members should receive attention and priority.

Urgent attention should be given to building healthy interpersonal relationships among all family members. The aforementioned family forum meetings are an excellent communication improvement tool to vent uprising conflict, to prevent conflict from becoming a full-blooded argument and to end existing differences of opinion, however small or insignificant they may seem.
An estate planner can assist the family in the management succession process when estate planning is discussed and to mentor the ownership succession transfer from the senior to the younger generation. This includes aspects such as shareholding and equity and fair estate planning. Tax implications of the last will should also be discussed.

Management succession is an ongoing process and a family should never postpone addressing the issue – rather sooner than later. Planning should start as early as possible. A working group could be appointed to investigate the situation and report back to the family at the next forum meeting. Such a working group could be appointed during a family forum meeting to obtain a mandate from the entire family. The process should be planned meticulously and the issue of management succession should receive urgent attention.

The study clearly shows that senior family members should spend more time in preparing for the transfer of ownership and management succession. Senior family members should also begin to seek interests outside of the family farm and create quality of life instead of only quality of work life. They could start to delegate more responsibilities to the younger generation family members and increase coaching and mentorship to the younger family members.

The results of the research study in general, as well as individual family farm diagnosis, can be used copiously and used as a platform during family forum meetings.

8. IMPLICATIONS FOR EXTENSION SERVICES

The loss of a family farm may have serious social and economic consequences for the family involved, for the following reasons:

- Inherited land in the family is a highly emotional issue. Losing this is a heavy blow to any family.

- The farm is often the primary source of income for the family, so losing the farm means a major loss of income to the entire family.

- Families link almost all their possessions and wealth to the farm. Losing the farm may be financially devastating for the entire family.
The family members, especially senior generation family members, have strong psychological ties with the family farm. They may experience failure of retaining the farm as a psychological setback.

The workers on the farms are similarly attached to the farm and the family is their source of security. A change of ownership of the farm is just as traumatic to them.

The workers as well as the surrounding community are economically dependent on the farm. The entire community may be affected by a change of ownership.

The family maintains and develops the farm. Not all farms are occupied and maintained after being sold. These farms start falling into decay and become a breeding-ground for problem animals, unwanted elements and wind and water erosion.

Few families recover from the disappointment and shock of losing a family farm.

Many executive managers of family farms have the viewpoint that what they hear and experience about other farmers who were down and out from situations like power struggles among family members, incapable successors that destroy the family wealth within a short period, a lack of financial security after retirement, or excessive estate taxes, will not realise in their farming enterprises. Ironically, it happens frequently. The tragedy of these matters is that, nearly without exception, such situations could have been prevented had they planned in advance for future events and contingencies.

The research clearly indicates that family farming has unique challenges to survive and thrive, and to ensure a secure future for the family farm. These challenges are often embedded firmly in the family dynamics.

Extension officers should have specialised acumen of the factors that influence the sustainability of family farming. Through the nature of their job they have frequent contact and experience with family farms. The results of the research imparts valuable guidelines to extension officers to enable and empower them to understand the challenges with empathy.
According to Botha (undated:7) the extension officer help farmers to help themselves, they support farmers with new insights, guide them and assist farmers with decision-making. The extension officer therefore can help to address the factors that influence the sustainability of family farms. The following are a few possible examples:

- **Factor 8: Lack of factors that necessitate management succession**
  Develop and implement a training program for the farm family on management principles and the importance of succession, making them aware of the necessity for it.

- **Factor 6: Successful participation of the younger generation family members**
  The extension officer can play a very important role to facilitate the process of participation within the family structure, addressing all the sub-factors affecting the factor.

- **Factor 7: Development of the younger generation family members**
  Undertake a specific needs analyses among the younger generation family members. Address the needs by means of specific capacity building programs and the implementation of a mentorship program for them. This activity, however, needs the approval of the senior generation family members and the extension officer will have to negotiate the activity with the family farm management.

9. **FUTURE RESEARCH**

Scientific research about the uniqueness of family farming, with the emphasis on family dynamics, should be encouraged in South Africa. Due to insufficient research there seems to be a void concerning information, expertise and an understanding of the unique challenges facing family farms. More research about family farming can overcome the lack of the above factors, subsequently giving guidelines for farmers to ensure long-term survival of the family farm.

**REFERENCES**


APPENDIX 1: RESULTS OF THE EVALUATION BY THE FAMILY MEMBERS

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