



**The role of succession planning in the sustainability of
family owned agri-businesses in South Africa**

Mosidi Modise

11096714

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of a Masters of Business Administration.

1 August 2011

Abstract

The purpose of this research report was to establish what the key contributing factors are towards the long-term sustainability of family owned agribusiness in South Africa. The reason this study was conducted in the agribusiness sector is that 90% of agricultural enterprises in South Africa are reportedly family-owned. Succession was chosen as a key construct, considering the fact that the ability of enterprises to have long-term sustainability is influenced by whether or not they have a plan for succession.

A case study method of analysis was used to collect data, which involved interviewing four commercial farming families in the Eastern Free State. It was established from the interviews that each family had unique drivers that enabled or inhibited the succession process. A comparative analysis was conducted to analyse the key factors responsible for a smooth transition and what the barriers were.

The research study was also intended to assess how succession planning within South African family-owned agribusinesses was unique. The political context in the country had a major influence on how these farming families would plan for their sustainability going forward. The papers thus examined how these reasons affected black and white commercial farmers differently.

The literature that was reviewed was based on the nature of family business succession planning as well as the agriculture sector in both a global and South African context. The theory base used was that of the Conceptual Model of Satisfaction with the Succession Process Sharma *et.al.* (2003) supported by other theoretical frameworks.

The intent was to bring about knowledge that could contribute to the study of family businesses and to find key insights that may be useful to stakeholders in the agricultural sector be it from a firm, advisory, or policy formulating perspective.

Keywords: Succession Planning, Family Business, Agribusinesses, Sustainability

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Masters of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before, for any degree or examination at any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Mosidi Modise

1 August 2011

Dedication

This research project is dedicated to those who are determined to be agents of change in the South African agricultural sector. Despite challenges, I believe there is hope and that the sector can be reformed to one day offer equal opportunity to everyone - regardless of race or historical background.

“For with God nothing is ever impossible” Luke 1:37

Acknowledgments

The researcher would like to acknowledge and thank with sincerity the following people for their help, guidance and support in the development of this research report:

The four families who warmly welcomed me in their homes. They shared their stories, which hopefully will have an impact on many other family-owned enterprises and supporting institutions.

Professor Helena Barnard, my supervisor, for her invaluable guidance and recommendations. I am really grateful to her, for her kindness and ensuring that I work diligently to get this research paper done. It was a privilege to have her as a supervisor.

My family, for their continuous support. A big thank you goes to my sister Matsi, who for the past year has given undying love, support and made many sacrifices for me. You are precious.

My colleagues at Step Strategic Venturing for their unending support and understanding. Without many of them, this paper would not have been possible.

To my classmates and friends in the full-time entrepreneurship class 2010/11; these are the fellow heroes that found the strength to persevere and endure despite overwhelming obstacles. Dinah - a special note of admiration goes out to you my friend.

A special thanks to my friend Moses Masitha and Eulalia Snyman, for editing and proof reading this paper, your assistance was really valuable.

Finally to the Lord Almighty, I offer you praise for giving me the strength to do this degree. It has been a tough journey - may it magnify Your glory.

Table of Contents

| | |
|---|-------------|
| Declaration | ii |
| Dedication | iii |
| Acknowledgments | iv |
| Table of Contents..... | v |
| List of Figures | vii |
| List of Tables..... | vii |
| List of Abbreviations | viii |
| Chapte1 Introduction | 1 |
| 1.1 Structure of the research paper..... | 1 |
| 1.2 Background to the Research Topic..... | 1 |
| 1.3 Formulation of the Research Problem..... | 4 |
| 1.4 Relevance of the research topic | 5 |
| 1.5 Research Scope | 6 |
| 1.6 Research Objectives..... | 6 |
| Chapter 2 Literature Review | 7 |
| 2.1 Introduction..... | 7 |
| 2.2 Figure 1: Summary of the Literature Review | 9 |
| 2.3.1 Family Businesses..... | 10 |
| 2.4. Agri-businesses | 13 |
| 2.4.1 The nature of the industry globally and locally | 13 |
| 2.4.2 The nature of a dual economy and where it spurns from in history | 15 |
| 2.4.3 Contract Farming | 15 |
| 2.4.5 The need for youth engagement within the sector | 19 |
| 2.5 Succession planning..... | 20 |
| 2.6 Theoretical Frameworks on succession | 23 |
| 2.6.1 Conceptual model and determinants of satisfaction in the succession process..... | 24 |
| 2.7 Implications of the theory and family-owned agribusinesses in South Africa..... | 29 |
| 2.8 Conclusion..... | 31 |
| Chapter 3 Research Propositions | 32 |
| Chapter 4 Research Methodology | 33 |
| 4.1 Research Design | 33 |
| 4.2 Case Study Method | 35 |
| 4.3 Ethical Considerations | 47 |
| 4.4 Limitations to the study | 47 |



| | |
|--|------------|
| 4.5 Conclusion..... | 51 |
| Chapter 5 Analyzing results | 52 |
| 5.1 Introduction..... | 52 |
| 5.2 Understanding the influence of the past and cultural legacies..... | 57 |
| 5.3. Current factors affecting the succession process and sustainability of the business . | 68 |
| 5.4. Future Orientation for the stakeholders..... | 86 |
| 5.4 Conclusion..... | 93 |
| Chapter 6 Discussion of Results | 95 |
| 6.1 Introduction..... | 95 |
| 6.2. Proposition 1 Discussion: | 97 |
| 6.3. Proposition 2 Discussion: | 102 |
| 6.2.3 Proposition 3 Discussion | 105 |
| 6.4 Other significant issues that the research assessed | 109 |
| 6.5 Research gaps addressed by this paper..... | 111 |
| 6.5 Conclusion..... | 112 |
| Chapter 7 Concluding Remarks | 113 |
| 7.1 Introduction..... | 113 |
| 7.2 Recommendations..... | 114 |
| 7.3 Topics for further research..... | 118 |
| 7.4 Conclusion..... | 119 |
| Chapter 8 References | 121 |
| Chapter 9 Appendices | 128 |
| Appendix A..... | 128 |
| 9.1 Interview Guide | 128 |

List of Figures

| | |
|---|----|
| Figure 1: Summary of the Literature Review | 9 |
| Figure 2: Impact of globalization on the percentage of sales in Latin America | 11 |
| Figure 3: Determinants of satisfaction with the succession process in the family firm | 25 |
| Figure 4: Summary of the research methodology | 34 |
| Figure 5: Stages involved in conducting a case study | 36 |

List of Tables

| | |
|--|----|
| Table 1: Growth in agricultural production from 1961 -2007 | 14 |
| Table 2: Demographic Profile of Individuals interviewed for Case 1 | 39 |
| Table 3: Demographic Profile of Individuals interviewed Case 2 | 40 |
| Table 4: Demographic Profile of Individuals interviewed Case 3 | 42 |
| Table 5: Demographic Profile of Individuals interviewed Case 4 | 44 |
| Table 6: Overview of the data analysis method | 46 |
| Table 7: Comparative analysis of the four farming families | 95 |

List of Abbreviations

CASP: Comprehensive Agricultural Support Programme

FABASA: Family Business Association of South Africa

GDP: Gross Domestic Product

LRAD: Land Redistribution for Agricultural Development Programme

NAFU: National African Farmers Union

SACU: Southern African Customs Union

SLAG: Settlement/Land Acquisition Grant

SME: Small Medium Enterprise

Chapte1:

Introduction

1.1 Structure of the research paper

In this chapter, the background on the investigation of how succession planning plays a role in maintaining the longevity of family-owned agribusinesses in South Africa will be introduced; together with an overview of the motive behind the whole research project. The following chapter will be an exploration of the literature that has been formulated around the topic, with the aim of building an argument of why there is a need for plausible succession planning strategies within the sector. Chapter three will build on chapter two, highlighting the propositions for the research. Chapter four will propose the methodology for gathering data that will test the research propositions or hypotheses. Chapters five and six will be an analysis of results, then discussing the linkages between the results and existing theory; followed by concluding remarks and recommendations in chapter seven.

1.2 Background to the Research Topic

Family businesses account for 70-80% of all businesses in the developed and developing world (Glauben *et al.*, 2009). These types of enterprises are the key source of growth, employment and innovation within these economies. They account for 50% of these nations' Gross National Profit and provide 60% of the total employment as well as 78% of all new jobs. Sharma (2010, pg 7) defines family businesses as: "A business governed and/or managed by a dominant coalition or controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families."

In South Africa, 65% of all business enterprises and 90% of all businesses in the agricultural sector are family owned (Venter, Boshoff & Maas, 2005). Family businesses are fast becoming a dominant form of business with most of the Small and Medium Enterprises (SMEs) globally and 35% of Fortune 500 companies being family-owned. In South Africa, family businesses as a form of ownership are in their growth phase. The majority of them are established through co-preneurship - a form of ownership whereby a husband and wife run a family business together and one of the parties assumes a leadership role, the other, a supporting role (Harris, Deacon & Morgan, 2010).

The focus of the research will be on the agribusiness sector. In South Africa, the industry contributes to about 5% of the country's GDP. It is acknowledged, that agriculture serves as a strong link between the improvement of the economy and the sustainability of rural livelihoods. Together, the various sectors of the industry employ about 700 000 people which constitutes to about 6% of the total South African workforce (Cronje, 2010).

South Africa enjoys self sufficiency in virtually all major agricultural products, and is also a net food exporter, being one of the world's six countries capable of exporting food on a regular basis. The country is well positioned to export agricultural goods to several wealthy countries in the Northern hemisphere, because the summer harvest season coincides with the winter in those countries. South Africa has a dual agricultural economy, meaning on the one hand, there is a well-developed commercial sector; on the other hand, the majority of people engaged in agriculture are involved in subsistence-oriented practices in rural areas (Vermeulen, Kirsten & Sartorius, 2006).

An extensive review of the existing research on family businesses revealed succession as the most critical issue that these types of firms face (Handler, 1994). Family businesses have a tendency to experience high failure rates, whereby less than 30% survive to the second generation and only 14% survive beyond the third generation (Venter, et al., 2005). These statistics place a bleak picture for the entrepreneurial environment, because the majority of the agri-businesses are formulated within the SME sector, which is a key sector for growth and employment in South Africa. Factors that relate to succession planning are the willingness of the successor to take over the owner/management role, and the relationship between the current owner/manager and successor.

A total of 39% of South African family enterprises are expected to experience a generational transfer in the next five years, with 32% of them expected to pass the business to the next generation in the family. There seem to be generational gap problems in South African family business. The difference in values and the views of economic opportunities between generations often create barriers to the transition process (Maas, 2010).

Not having a plan for transitioning the power and authority from one generation to another can be detrimental to the business. As the owners of agribusinesses approach retirement age or poor health, businesses begin facing a critical situation that requires leadership and proper management.

Other challenges facing South African agribusinesses are the issues of land ownership and the shortage of skilled farmers. The issue of the Land Redistribution for Agricultural Development Programme (LRAD), which is a policy that the Department of Land Affairs proposed to address the history racial land expropriation, is currently an intractable issue

in the country. It is not clear what percentage of land has been transferred so far, but the outcomes of the policy have led to a shortage of skilled white farmers who sell their farms and leave for neighbouring countries such as Zambia and Mozambique for attractive prospects that are set in place to improve the competitiveness of those countries' agricultural sectors. Many of the emerging black farmers who benefitted from this program have experienced challenges to run their farms and as a result, experienced failures.

1.3 Formulation of the Research Problem

The current trend in South Africa and Africa as whole is that family-owned agribusinesses tend to either be commercial or small-scale, where only a few of the young generation showing an interest in taking them over. The young children are more inclined to study in order to obtain jobs within the corporate environment and in industries that are not related to their family agribusinesses. Succession planning remains a challenge, especially among the rural black farming business community. Rural black-owned farms are usually run as cooperatives where each family member has a role to play. From a young age, children are allocated farming chores and do their share of the farm work. As these children become old enough to enter the job market, they tend to abandon future employment prospects on their family farms to look for jobs in urban areas. They leave the farms to be looked after by the elders, who operate them without a clear route for succession. The occurrence of this dynamic of urbanisation is evident in Sudan, where the repercussion of the able-bodied migrating to the cities has caused problems in terms of food shortages. Nel & Davis (1999) thought it would be of great interest to assess how many urban dwellers had farming experience and how many of them would want to return to the countryside.

There are cases, however, where successors within family businesses exert a level of interest and readiness to take over ownership of the family farm. Some successors have been found to show an inherent desire -from a young age, to take over the family business. They feel happy and proud to be part of the family business, find opportunities in the family business more challenging than anywhere else and see the monetary value of working in the business. Support in terms of mentoring and skills development from the older generation owner is important (Venter et al., 2005). The aim of this research was to reach an understanding of how some family businesses “get it right” and why and how others fail.

1.4 Relevance of the research topic

There is a need to study succession dynamics in agribusiness because the sector holds potential for growth and prosperity, particularly for rural communities. Government has rolled out a number of interventions to improve agribusinesses by providing capital for the necessary infrastructure. Not much attention is being paid to how intricate non-financial aspects such as succession planning can be harnessed. The current talks of nationalisation of land in South Africa have sparked mixed feelings as to whether the policy will support or undermine the sector.

The aim was to get an understanding to what extent do the current key sector policies have towards the long-term sustainability of farming businesses, with the objective of coming up with results that will be of benefit to businesses in different sectors in South Africa, as well as other parts of Africa that have the same challenge.

1.5 Research Scope

The research project was a qualitative case study of four agribusinesses that are owned and managed by a family. The data gathering method was composing a cross case analysis. A comparative analysis was made between each of the families' strategies for succession planning and sustainability. The aim was to assess what the key drivers were for the families that were successful in their transition processes and what the barriers were for the families that were having challenges with planning for succession.

Some literature was assessed to identify research gaps that exist around succession planning. First, there are still gaps to what constitutes to effective succession; second,, succession among different ethnic groups, the role that the financial community can play in facilitating the succession process and lastly the perspective of future successors in the business (Picard, 2004). The aim of doing a case method of analysis was to try and investigate as many of these research gaps within the context of agribusinesses.

1.6 Research Objectives

The primary objective was to assess the role that succession planning plans as a critical factor in ensuring the long-term sustainability of family agribusiness. This was done by testing hypotheses or propositions regarding effective succession. The second objective was to assess how succession in the South African context varies from one family agribusiness to another and to identify the driver of these differences.

Chapter 2

Literature Review

2.1 Introduction

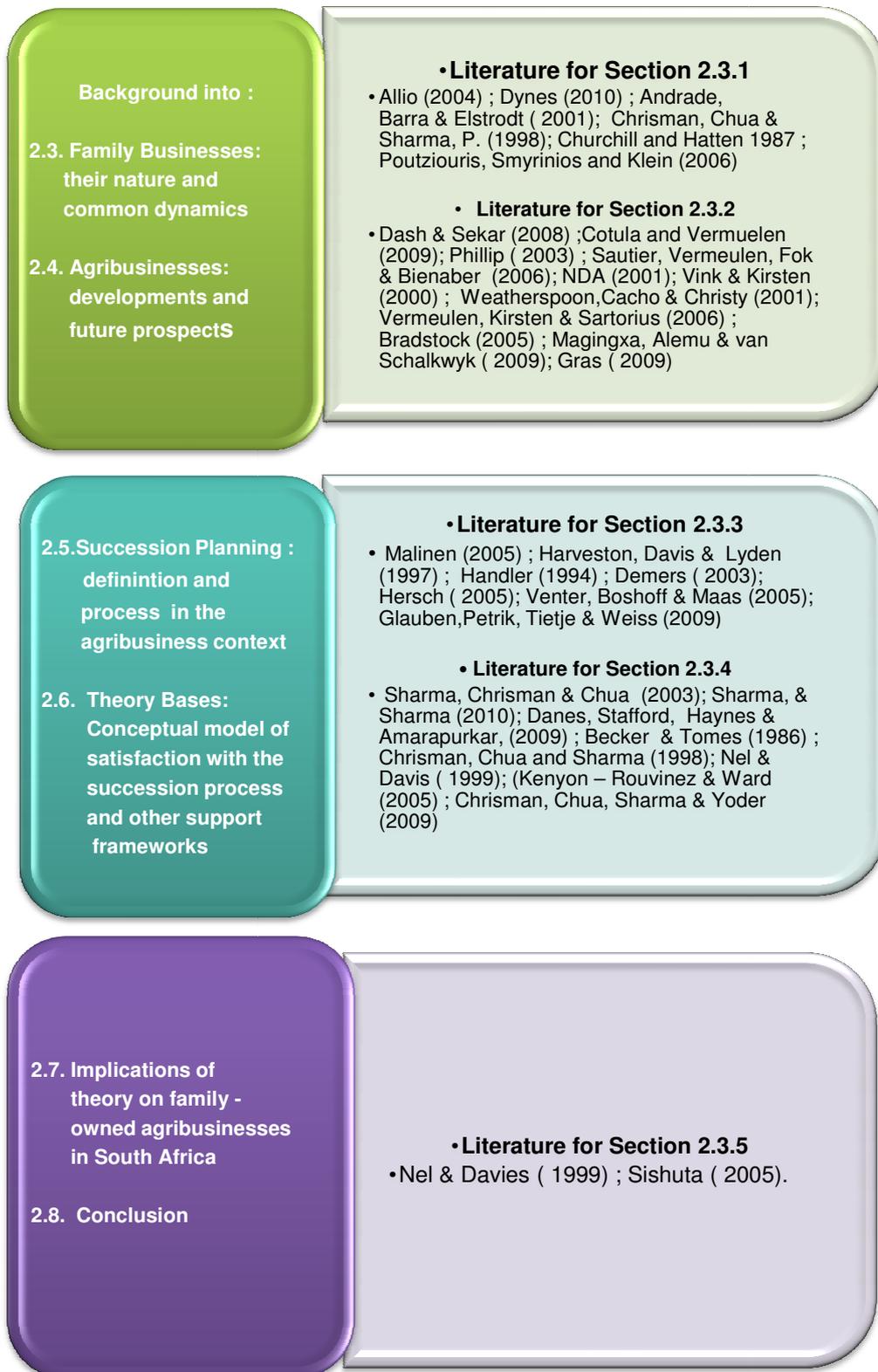
In May 2010, *SAAIR Today* published a report stating that the number of people employed in the agricultural sector fell by 27% between 2001 and 2009. The decline was attributed to two factors; the first, that agriculture was becoming more specialised and employees now needed to be highly skilled in order to operate the technologically advanced machinery. Second, farms are now merging to achieve economies of scale, leading to staff attrition. The data also indicated that the sector did not contribute significantly to job creation in the country. Agriculture and mining employed only 7.7% of the workforce, and the majority of these workers are relatively unskilled. The report advocated putting more emphasis on enabling poor children to have access to better education so that they are better equipped to enter the finance and manufacturing sectors, where a high proportion of jobs were accounted for (Cronje, 2010).

The statement by Cronje (2010) urging government to put more emphasis to ensure that poor children obtain the right to good education is relevant. But due to the nature of the problems currently challenging the public education system, it is a long-term solution with few results likely to materialise soon. The National Planning Commission is set to release their diagnostic overview document, which shows that the central solution to reducing poverty and unemployment is to grow low skilled employment, especially for the youth (Lund, 2011). Since farming in South Africa is still very labour intensive, the sector

presents an opportunity for youth who come from a farming background to engage in the sector for employment purposes.

The stigmas farming tends to have attached to it in South Africa may stem from the context of the cultural background that an individual comes from. More importantly, they affect whether the person may see a future career orientation within the field of agriculture. The aim of this study was to investigate how these stigmas may affect the outlook of the young generation within farming families, assess whether they have an impact on succession and also look at whether implementing the right human capital interventions for these youth would change their overall perceptions.

2.2 Figure 1: Summary of the Literature Review



2.3.1 Family Businesses

Family businesses have formed the cornerstone of world economies for decades. Some have evolved from being small corner shops to large multinational companies, like Wal-Mart and Ford Motors that have contributed significantly to growth and employment within their respective industries. They have been able to outperform non-family businesses because of their agility in decision making and strong shared values among owners and managers, often rooted in loyalty to the founder's vision and tradition (Allio, 2004).

The developed world has long recognised the important role of family businesses in their economic performance. Institutions like Britain's Institute for Family Businesses and the Mittelstandsforschung in Germany have been established to nurture family-owned businesses and bear testimony to this (Dynes, 2010). Private Equity groups have also favoured family-owned businesses when looking to invest in Africa. This is because they are perceived to be well run enterprises that have a low level of financial leverage and generally have a higher rate of return than non-family businesses (Dynes, 2010).

It seems however, that due to globalisation, family owned businesses no longer feature significantly in the ranks of top 100 companies. Markets in Latin America have opened up to competition from multinationals, allowing for cross-border integration of economies and industries. Family businesses in Latin America are at risk as takeovers targets because they cannot in any way match the strong managerial skill, easy access to capital and economies of scales that these multinationals possess (Andrade, Barra & Elstrodt, 2001). Figure 2 illustrates the performance of top 100 companies in Latin America, family-owned and multinationals, by indicating the changes in sales volume as markets became deregulated. Within the agricultural environment globally, farmland has been integrated to form part of the value chain for multinationals. This means ownership belongs to companies and the families remain to work on the farm in a management capacity. This

trend is not as acute in South Africa as it in America, but there is a widely held belief that farming in the country will become more commercialised to address the issue of food security in the future and family-owned enterprises will be forced to operate in a manner that fulfil the outside shareholders' value as a result.

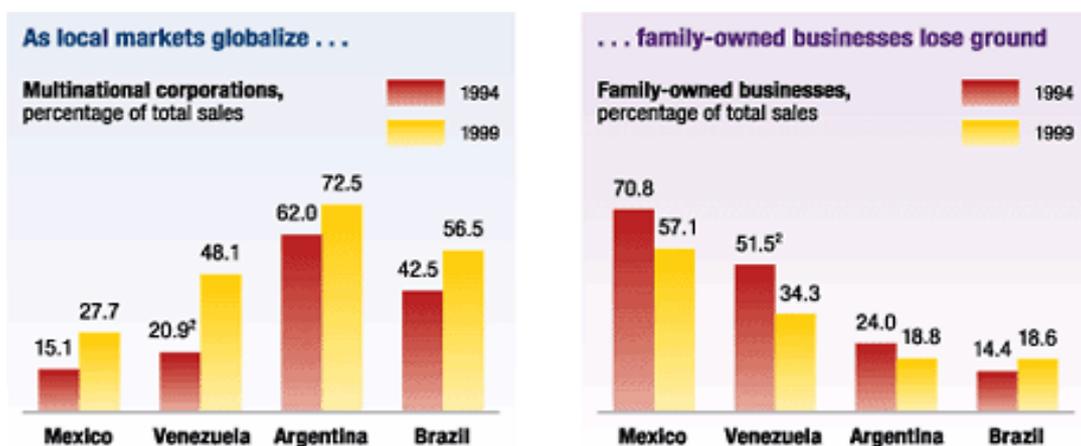
Figure 2: Impact of globalization on the percentage of sales in Latin America

(Andrade, Barra & Elstrodt, 2001)

EXHIBIT 2

Families feel the pinch of globalization

Ownership structure of top 100 companies by sales volume¹



¹Excludes state-owned oil companies in Brazil, Mexico, and Venezuela.
²1993.

Apart from the harsh macro-environmental factors that pose as threats to the survival of family businesses, they still possess inherent strengths that enable them to run successfully. Allio (2004) contends that family businesses are able to achieve success because they often have the focus within core businesses and markets, which enables them to develop strong local brands and customer loyalty. They are also able to make decisions rapidly, to respond to crises and often have quick access to financial resources

because they have less debt. Strong value systems and a sound commitment to building strong legacies of the family business add value of a special kind.

The involvement, management and governance of family members within family businesses is very dynamic and varies widely. There are three qualifying characteristics which define the nature of ownership within a family business. First, the firm is either family-owned or family-managed. It can be family owned but not managed by the family in some cases. Third, the firm can be managed but not necessarily owned by the family (Chrisman *et al.* 1998). The existence of a successor is a key component of a family business according to Churchill and Hatten (1987). The authors imply that family-operated and owned businesses, where the next generation is being educated to take up a profession or position outside the family business, do not qualify as family businesses. We will, however, consider these as family businesses for the purpose of this study.

Family business studies are fast gaining acceptance as a legitimate field of study within higher learning institutions. It is estimated that around 200 family business educational programs are available at universities worldwide. This indicates that the field may have an appeal to young scholars who are interested in gaining specialised knowledge on the subject in it in the future (Poutziouris, Smyrinos & Klein, 2006). South African institutions like the Nelson Mandela Metropolitan University established the Family Business Unit as well as the Family Business Association of South Africa (FABASA) to nurture research and developments within the field in a South African context (Dynes, 2010).

2.4. Agribusinesses

Dash and Sekar (2008, p48) define agribusinesses as: “All businesses involved in food production, including machinery, wholesale and distribution, farming, processing, marketing, retail and sales. It includes the businesses that take part in modern food production.”

The purpose of this section is to give an overview of the sector from a global perspective, assess its history and developments in South Africa and develop a view on how younger generations within family owned agribusinesses can make a significant contribution from a technology and innovation perspective

2.4.1 The nature of the industry globally and locally

Communities require more food; production has to follow growth, all while the world population continues to grow exponentially. Demand for agricultural produce that is safe and of high standard will continue to rise with the ever increasing international need for food security (Cotula & Vermuelen, 2009).

In Europe, agribusinesses have evolved from being small-scale family businesses to large corporations, whose efficiencies and ability to develop sound value chains and vertical integration have been the benchmark for other economies (Dash & Sekar, 2008). Brazil has also been able to achieve high productivity and efficiency in the agricultural sector, supplying a robust sector that exports at more competitive rates than many other countries globally. In Africa, the level of growth and contribution of the agricultural sector tends to vary. Countries like Côte d'Ivoire and Zimbabwe have strong dependency on the agricultural sector.

The table below shows the performance of African regions in terms of their production of crops, livestock, cereal and food production. The Southern African region reflecting the

performance of the SACU Members chiefly reflects South Africa's growth - as the dominant player in the region. South Africa has in the past two decades experienced poor agricultural growth. The decline in growth could be attributed to the relative maturity of the industry. There has been an increase in total factor production due to changed farming methods.

Table 1: Growth In agricultural production from 1961 -2007 (Sandrey & Vink: 40)

| | Crops | | Livestock | | Cereals | | Food | |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1961-2007 | 1990-2007 | 1961-2007 | 1990-2007 | 1961-2007 | 1990-2007 | 1961-2007 | 1990-2007 |
| Africa | 2.54 | 2.81 | 2.56 | 2.53 | 2.50 | 2.53 | 2.64 | 2.82 |
| Eastern Africa | 2.37 | 2.34 | 2.07 | 1.92 | 2.28 | 2.61 | 2.28 | 2.17 |
| Middle Africa | 1.67 | 1.25 | 1.92 | 1.47 | 1.88 | 3.46 | 1.87 | 1.43 |
| Northern Africa | 2.66 | 2.96 | 3.77 | 3.47 | 3.08 | 2.80 | 3.16 | 3.34 |
| Southern Africa | 1.75 | 0.46 | 1.60 | 1.64 | 0.78 | -1.13 | 1.81 | 1.20 |
| Western Africa | 2.96 | 3.83 | 2.94 | 2.96 | 2.88 | 2.91 | 2.94 | 3.79 |
| World | 2.26 | 2.11 | 2.18 | 1.76 | 2.22 | 1.10 | 2.28 | 2.01 |

Note: Annual rates of growth in the output index, 1961=100

The most radical transformation from an agricultural policy perspective in South Africa took place after the 1994 elections with the implementation of the Marketing of Agricultural Products Act of 1996, which led to the deregulation of the South African agricultural sector. Agricultural cooperatives were the primary driver of the sector nationally during the pre-1994 regime. They served as lobbyists primarily for Afrikaner farmers, holding great monopoly power in various parts of the industry advocating for large subsidies for the production various foodstuffs, as well as having key access to finance from the Land Bank (Phillip, 2003). The liberalisation of the sector allowed some farmers opportunities to become more globally competitive by focusing on export orientated farming (Sautier,

Vermeulen, Fok, Bienaber, 2006). Deregulation and liberalisation process did also present some negative aspects, where some farmers had limited capacity to adjust to policy and market changes, like termination of agricultural subsidies by the new government. Greater exposure to international competition led to the infiltration of cheap imports in terms of the poultry and fresh produce market, and many farmers left the industry (NDA, 2001).

2.4.2 The nature of a dual economy and where it spurns from in history

South Africa's agricultural sector is regarded as having a dual economy because it comprises of the commercial sector as well as a small-scale informal sector. The commercial sector is made up of 46 000 commercial farmers who are mostly white and make use of 86% of agricultural land to produce 95% of the produce on the market (Vink and Kirsten, 2000). The small-scale farming sector of emerging farmers is much larger, made up of black farmers who mostly reside in the former homelands. About 3 million small-scale farmers make up this class. These farmers occupy the remaining 14% of the agricultural land and are involved primarily in subsistence farming. They have very little employment opportunities in commercial agriculture because they are relatively unskilled and earn low wages. Their jobs are also of a seasonal and temporary nature.

2.4.3 Contract Farming

Contract farming has been one of the major developments within the sector that has enabled small scale farmers to be integrated in the agribusiness supply chain. The contract farming system enables these emergent farmers to overcome the constraints of not being able to meet the private quality standards of food processors, large retailers, wholesale buyers and exporters, as well as the challenges of receiving limited support services from government (Weatherspoon, Cacho & Christy, 2001). Contract farming

initiatives between the farmers and other agribusiness within the value chain normally take form within four types of contractual agreements, (Vermeulen et al., 2006):

Outgrower schemes: involve long term agreements with commitments to procure for 3-10 years from the same producer, given product specification, volume and packaging when relevant.

Long-term spot purchasing arrangements: are agreements between a processor and producer to order a specific volume of a commodity on a daily basis.

Marketing contracts: this type of contractual relationship is common between fresh fruit and vegetable producers and processors. The processors specify the quality, price and time in which they wish to procure from the producers. The suppliers only make decisions related to production.

Seasonal (3-4/6 months) to one-year production contract: the procurer specifies the price, quality, volume as well as the date of delivery.

The survey by Vermeulen et al., (2006), revealed that only 3.6% of fruit and vegetable production is supplied by 455 black contract farmers - 74% is supplied by 4,723 commercial farmers. Black farmers often lack the capacity to be selected for contract farming due to the sophisticated nature of the contracts. The poultry and egg industry possess even higher barriers to entry for these small-holdings farmers, but some large corporations have luckily shown interest in expanding the involvement of smallholders within their value chains.

Bridging the division and gap of market access between commercial farmers and emerging farmers has been government's key priority. Its main aim has been to identify programs that will encourage new entrants and empower those that were previously marginalised to participate in the commercial sector.

2.4.4 Sector Plan Strategy developments in South Africa

In 2001, former Minister of Agriculture Thoko Didiza presented the strategic agriculture sector plan that was formulated by government with Agri-SA and the National African Farmers Union (NAFU). The overall objective of the sector plan was to create a vision of sustained profitable participation in the South African agricultural economy by all stakeholders, recognizing the need to maintain as well as increase commercial production, build international competitiveness and to address the historical legacies and biases that resulted in skewed access and representation (NDA, 2001). The strategic plan brought upon several economic empowerment initiatives regarded as pro-poor and were aimed at enabling black South Africans to become successful in commercial farming and other aspects of agribusinesses. These programs were, namely:

Comprehensive Agricultural Support Programme (CASP)

The aim of the programme is to provide post-settlement support to the beneficiaries of the land reform process, namely, subsistence food producers, farmers and agro processors. Prerequisites for beneficiaries include that they should have ownership and be involved in the community, hailing from previously disadvantaged groups with the aim of enhancing household and food security.

Land Care Programme

The program is designed to promote the responsible management of natural resources that are being depleted through partnerships between communities, the private sector and government. This would be done through implementing integrated approaches to natural resource management which are sustainable, efficient and consistent with the ecologically sustainable development principles.

Household Food Production, Food Security and Starter Packs

This initiative is aimed at providing relief to beneficiaries in rural and urban areas that are severely affected by food shortages and the price increase of basic food items by providing agricultural input and technology for self production. The objective is to encourage household food production by means of improving crop intensification, diversification, promoting backyard mix farming and planting school gardens.

Irrigation, Rehabilitation and Development Programme

The Programme is aimed at revitalising small-scale irrigation schemes by providing resources to fix damaged irrigation schemes. The beneficiaries will be small-scale irrigation farmers who will be selected according to provincial programmes.

Land Redistribution for Agricultural Development Programme (LRAD)

The LRAD program was designed to provide grant incentives for black South African citizens to have access to land on which they can farm and earn a living. The land redistribution process was put in place to replace the Settlement/Land Acquisition Grant (SLAG), which was the initial policy proposed to give previously disadvantaged individuals a grant to purchase land that they could use for subsistence and small scale farming. The policy was later amended to the LRAD to encourage emerging black entrepreneurial farmers to become commercial farmers by assisting them financially to purchase land from white farmers using a willing buyer and willing seller model. The objective was to transfer 30% of land in South Africa into the hands of black farmers by 2015 (Olubode-Awosola, van Schalkwyk and Jooste, 2008). The land is acquired from existing farmers who wish to sell their farms and who also have interest to contribute to the redistribution process, through skills transfer programmes.

The overall aim of highlighting these initiatives was to emphasise that all of them provide the necessary financial and infrastructural support, but do not focus on non-financial issues such as management and the necessary interventions to ensure the sustainability of the businesses.

Much research has been done on how effective the Land Redistribution program has been towards achieving the objective of poverty reduction among rural communities. It is believed that government did not give attention to the issue of human capital development, particularly in technical agricultural skills (Bradstock, 2005). The overall consensus is that the program cannot achieve its full objectives because the beneficiaries still lack the technical skills and information to access more profitable markets, and are thus unable to improve their living standards (Magingxa, Alemu & van Schalkwyk, 2009).

2.4.5 The need for youth engagement within the sector

The number of farmers in the generational cohort of baby-boomers able to adopt these forms of technology remains low. The opportunity lies with their successors who belong to generation X and Y, however. These generations are more techno-savvy than their elders. They are receptive to technological advances and view them as mechanisms for innovation. The developed world is formulating strategies to anticipate the challenges and opportunities that technology will bring to agriculture. It is imperative for agribusiness in South Africa to be aware of this. Having clear succession plans incorporating the next generation of farmers will be important as the world economy, including agricultural production, is rapidly being transformed into a knowledge and network economy.

What would be beneficial is if government could incorporate skills development as a priority that accompanies the above-mentioned interventions. They should focus on succession as an instrumental part of sustaining these businesses, looking at how the younger generation can have an educational orientation in the sector, which may improve the chances of them developing a level of interest in agribusiness. Farmers experienced the challenge of their children not having the level of interest to engage in farming in Argentina. They invested in human capital, sending the children to agricultural university. This worked well for most of them, as the children came back ready to work within the family-owned farms (Gras, 2009).

2.5 Succession planning

The purpose of this section was to give an introductory overview on literature that has been formulated about the process of succession, so as to form a foundation for the theoretical framework that will be used to achieve the research objectives, being the conceptual model of succession.

Business succession refers to the transfer of business ownership and management from one generation to another and is an issue prevalent among family-owned firms. It is a process that is most critical among entrepreneurial firms because when an entrepreneur decides to retire, it would mean transferring the business within the family - or selling the business (Malinen, 2005). The process of implementing a succession plan is imperative to providing the family business with identity, stability and continuity (Harveston et al. 1997).

For succession in the family firm to occur, there must be three components: a leader who hands over the leadership role who is often referred to as the incumbent or antecedent; a successor who takes over the role, and a mechanism by which the transition takes place.

It is also important to have agreement among other family members to continue the business (Handler, 1994).

Planning for succession however, is often an issue that is left until later the business phase, but entrepreneurs have to think about succession five to ten years in advance in order to be well prepared (Demers, 2003). In 2005, a wealth survey was conducted in Phoenix in the U.S. It assessed 1,514 small business owners with a net worth exceeding \$1-million. 63% of the respondents had no business succession plan. Another 50% did not have an exit strategy or continuation plan. Only 41% of those respondents planning to exit within ten years had a succession plan, while only 48% of those planning to exit within five years had a succession plan. There is a degree of sensitivity around the issue of succession by parent-owners, who often times have difficulty in facing the fundamental issues such as: when to disengage in the controlling of the business, how to divide the assets among competing siblings, and how choosing the right successor among family members (Hersch, 2005).

The successor must have a strong desire to manage the family business, and find it exciting and rewarding to work in the firm (Venter et al., 2005). Family tradition also plays a role in influencing the younger generation to continue the legacies of the family business. Tradition can also prevent many family businesses from taking entrepreneurial risks as managers feel compelled to stick to what they know best, thus limiting the potential for company growth (Malinen, 2005).

- The agricultural sector has the tradition of passing on the family business from one generation to the next. According to Glauben, Petrik, Tietje & Weiss (2009),

farmers are nearly five times more likely to have followed in their father's footsteps than other business owners. The longer the farm has been operated by the same family, the higher the probability of being transferred to the next generation.

Education also plays an intricate role in influencing the succession process within family owned agribusinesses. Glauben et al. (2009) found that specialised education in agriculture does not have a statistically significant effect on the likelihood of succession to the younger generation. An education does however have an influence as it increases the options that the future successor may have to generate income away from the farm. Farms that are large and specialised tend to generate more farm income. This increases the likelihood of transition within the family, because the children view the farm as having the potential to generate an income in the future (Glauben et al. 2009).

But these scenarios are no longer prevalent occurrences as farms become larger due to the general trend towards mergers in the industry; families are becoming smaller and are looking to nearby urban areas for better prospects (Demers, 2003).

In countries like Japan, policies were implemented to counter the problem of successors leaving their farming family businesses to look for work in the cities when the country was going through an industrialization and urbanization era. The policy involved setting up the Family Management Agreement. This was a contractual agreement between father and successor that would ensure the successor would work on the family farming business until a certain age (Otomo, 2000).

There are several barriers which exist with regard to the process of succession. The largest issue occurs when firms do not have a succession plan at all. A lack of adequate time to plan and execute a succession plan is a significant contributor to failed successions.

2.6 Theoretical Frameworks on succession

There are numerous schools of thought that have been developed around the study of family business and succession as a key construct. Researchers in the field have acknowledged how broad literature is on the topic and also that every family business has its own unique occurrences to formulate a single model or theory is complex. For the purpose of this study, the conceptual model on determinants of satisfaction with the succession process in the family firm will be incorporated. The model was used to support the investigation on effective succession planning models that this research paper aims to fulfil.

The model draws on various economic, behavioural and organisational theories pertaining to family business dynamics with succession as a key construct. It focuses on factors that influence initial satisfaction with the succession process. The reason why satisfaction is a key principle is because it serves as a gauge to whether the transition process has been a success. The theory puts forward that family members often give maintaining good relationships among each other a higher priority than profitability. Understanding the factors that influence satisfaction with the succession process, from the family members as stakeholders, is an important topic of study because a lack of satisfaction with the process may adversely influence family relationships. The significance of this model is that it brings a unified perspective on a relatively broad and fragmented topic (Sharma et al., 2003).

Other viewpoints will also be assessed, like the sustainable family business theory which highlights the impact of capital contributions -human, social and financial capital- of family members for long and short-term success. The sustainable family business theory advocates that the sustainability of family firms depends on both firm success and family

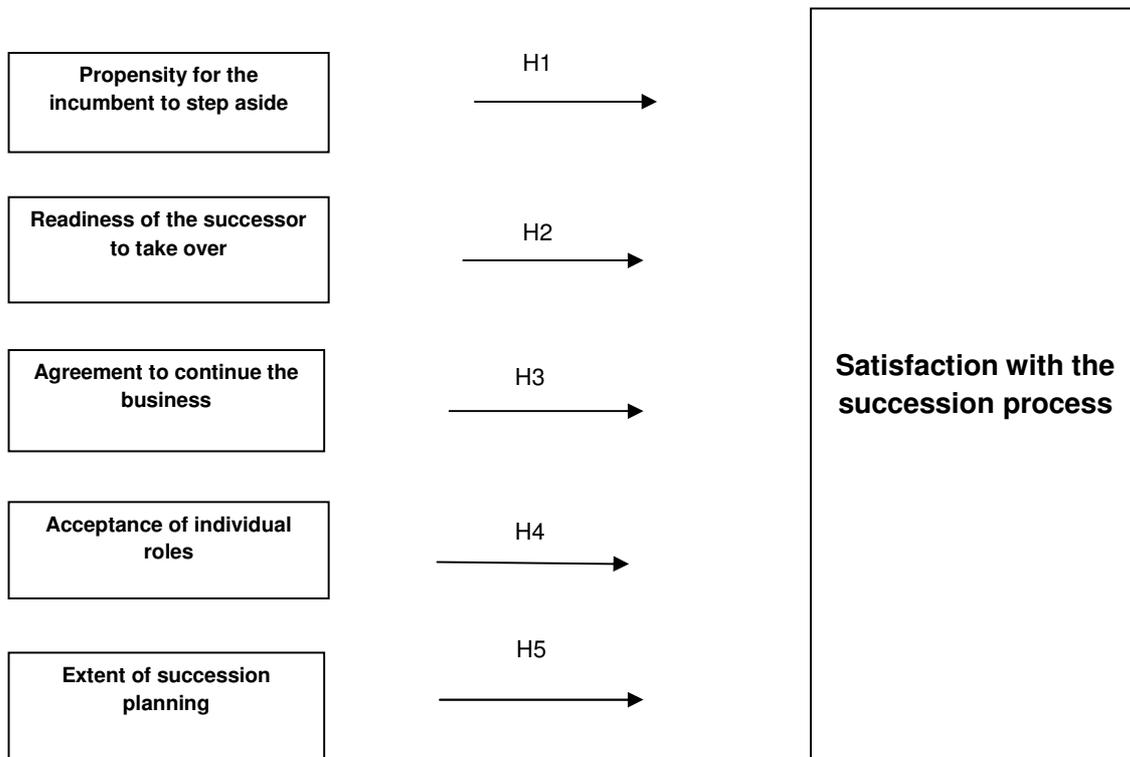
functionality (Danes et al., 2009). The secondary theory to consider is Gary Becker's study on Human Capital Development. This theory base is relevant to this research as the study advocates that new technological advances have little value to countries that have few skilled workers without knowledge to use them. He believes that synergies between new knowledge and human capital can have a positive impact in economic growth in the context of family firms. (Becker & Tomes, 1986).

2.6.1 Conceptual model and determinants of satisfaction in the succession process

The model suggests hypotheses that arise from existing literature on the topic and have not been tested together. It also addresses the concepts of incumbents and successors in order to increase the probability of a successful transition process. Lastly, the model highlights the interactive roles that predecessor and successor play, as well as the involvement of other stakeholders in the process (Sharma et al., 2003).

In family firms, all family members are stakeholders in the succession process and they can, to varying extents, affect or be affected by leadership transition (Sharma et al., 2003). Figure three focuses on the perspectives of the incumbent and successor and also outlines hypotheses pertaining to the level of satisfaction, which will be discussed in more detail below. To explain the five factors of satisfaction and the hypotheses more clearly, other theoretical frameworks relating to the model will be used to substantiate it. The aim is to assess the model in the context of the research purpose and to assess whether there are gaps that exist in terms of what the model postulates

Figure 3: Determinants of satisfaction with the succession process in the family firm (Sharma *et al.*, 2003: 671)



The model outlines five hypotheses which are used in relation to the viewpoint of both the incumbent and successor. The first hypothesis relates to the incumbent’s willingness to step aside. According to the sustainable family model, the antecedents are normally the primary contributor of family capital, monetary assets and physical assets such as land, machinery, crops and cattle that form the primary factors towards the firm’s sustainability (Danes *et al.*, 2009). Within the context of agribusinesses, family capital can be passed down over many generations and the wealth accumulated through it can be so exponential that the incumbent’s propensity to step aside depends on whether there’s a trustworthy successor that will act in the business’s best interest while having enough integrity to gain support from other family members and relevant stakeholders. (Chrisman, Chua and Sharma, 1998).

The second hypothesis relates to the successor's level of readiness to take over the business. It is the most critical factor, because if the successor is not willing to take over the business, then the family may have to sell the business. And often at a discounted price, thus yielding less of a return on capital invested for the antecedent. It is common in the agricultural sector to have the young generation not having a view of a future in the family business for themselves due to other interests, or perceiving agriculture as undesirable compared to other career pursuits in urban areas (Nel & Davis, 1999).

One way to impose a positive influence towards the successor's willingness to take over is through investing in human capital. Gary Becker defines several forms of human capital, such as: skills and abilities, personality, appearance, reputation and appropriate credentials to do the job with specialised technical knowledge as well as other endowments that the parents may bestow upon the child for development purposes (Becker & Tomes, 1986).

Any activities that engage the successor in the business from a young age allows them to develop a level of interest which can be supplemented by education within the field. Investment in human capital does not guarantee that the children will fulfil the expectation of taking over the business; the successor needs to assess their career goals and should openly discuss the opportunities that exist within the family business with the incumbent while exploring other career possibilities.

The third hypothesis relates to an agreement among family members to carry on with the business, taking a number of considerations into account in the succession process. It also involves the opinion of outside stakeholders like non-family members. This relates to when the stakeholders involved have reached a consensus over a chosen successor. The chosen successor should not only have the capacity to do the job, but should also have

the right leadership abilities to maintain harmony among the people involved (Kenyon – Rouvinez & Ward, 2005).

The fourth hypothesis relates to the acceptance of individual roles between family members in the business. Clarifying roles and responsibilities among stakeholders is important for ensuring fairness and to promote mutual respect and harmony - most importantly, to promote open lines of communication. Role clarification also ensures that siblings can accommodate each other and minimise instances of rivalry and political infighting among each other, which is surprisingly common in family businesses.

The family members, together with external stakeholders, can play an important role as affiliates of the business advisory board. The clarification of roles can also ease the process of selecting a successor who then assumes a leadership role among employees. There should be no ambiguity of who has what level of authority over subordinates (Venter et al., 2005).

The fifth and last hypothesis relates to the succession process itself and emphasises the importance of planning in advance. The process should be planned in order to ensure that all the relevant stakeholders are satisfied with the outcome. This process can be guided by outside assistance by making use of consultants and the firm's advisory board to mediate soft and hard issues. Soft issues relate to the company and family issues. Hard issues relate to the monetary, technical and administrative factors (Glauben et al., 2009).

The soft issues referred to can be thought of as matters pertaining to identifying long-term personal and family goals, communication of each stakeholder's vision to find out what objectives should be fulfilled by the succession, as well as the process of selecting and

training the successor. The hard issues relate to taxation, appropriation of inheritance, financing the transfer of the business and other issues concerned with the execution of ownership.

The conceptual model was formulated by researchers to consolidate existing findings from literature on the succession process, forming the basis for empirical studies that can be used to test the model and understand factors that lead to effective succession. The hypotheses in the model helped to conceptualise the succession process as a function of satisfaction among the stakeholders involved. Analysing the model from different theoretical perspectives has facilitated a deeper understanding of the five factors and also gave insight into the different types of stakeholders that can be incorporated into the data gathering process of this research paper.

Chrisman, Chua, Sharma and Yoder, (2009) formulated eight steps that are said to be useful to consultants and tax advisors when helping family businesses with the succession process. These steps, together with the conceptual model, assist in trying to establish the key factors in formulating an effective succession planning model. The eight steps involve:

First, preparing the family, particularly the successor, to communicate what is expected of them, and assess what resources they will need to assume the role. 2) Defining the goals that will govern the management of the business. 3) Organising a succession task group that will serve an advisory role to the incumbent when choosing the successor. 4) Setting the criteria for selecting the successor based on the fit between the individual and the firm's goals. 5) Developing the potential successor by getting him or her involved in the business from a young age to stimulating a level of interest. 6) Preparing the incumbent to let go of management and ownership by giving them assurance of their financial wellbeing and assigning a mentorship role within the business. 7) Timing the succession well enough

so that the parties involved are ready for the transition and finally, receiving guidance on the process by external means from a financial and other administrative perspective.

The eight steps can offer valuable insight into mechanisms that can properly facilitate the succession process. Time is the most important factor enabling these mechanisms to work. The earlier the succession process is considered, the better the chance of having a smooth transition. These steps can be linked to the conceptual model as a means to corroborate with the hypotheses suggesting that both the incumbent and successor must have the willingness to go through the transition process. They also advocate the use of outside advice to facilitate the process.

2.7 Implications of the theory and family-owned agribusinesses in South Africa

The theoretical frameworks highlighted above have made a note of key considerations to incorporate in the process of formulating knowledge to ensure an effective succession process. One problem, however, is that the theories are too generic and do not consider other social aspects pertaining to agriculture, such as the role that cultural paradigms play in influencing the succession process.

The history of South Africa has been influential in painting different viewpoints about agriculture among black and white ethnic groups. The two racial groups had two different realities and opportunities within sector, where white farmers were given a great deal of state assistance through subsidies, access to vast areas of land and credit markets to create significant value as commercial farmers over many generations. Even today many children of white farmers stand to inherit their parent's wealth, created for them to broaden their horizons in life.

Through the apartheid policy, however, marginalised black farmers were confined to becoming subsistence farmers within their homelands resulting in a technologically backwards and unproductive skill set. Less than 1% could be classified as commercial farmers; the rest could only serve as a labour on white-owned commercial farms (Nel & Davies, 1999). The issue of unequal land distribution, where the average land owned by black farmers was 1.3 hectares compared to 1570 hectares owned by white farmers remained one of the most significant issues to address after the 1994 elections. The detrimental impact of this historical legacy on the children of black farmers is that they did not see any real benefits in farming. All they have is a view of their hardworking parents; and would therefore rather pursue other career prospects to be exempt from a future in farming (Sishuta, 2005).

There is hope, however, in opportunities such as the land redistribution program and other supporting initiatives that are available for them to bring about a more optimistic perception of farming - provided they are promoted in a positive light and are supported by the necessary skills development initiatives that enable these youths to capitalise on them efficiently. Historical systems may have created divides among blacks and whites in terms of farming, but the country has transformed itself significantly to bridge these divisions. There is a lot that emerging farmers can learn from those that have built legacies for future generations. The aim of this research was to investigate what lessons in succession can be learned from them.

2.8 Conclusion

The literature review section of this research paper has given a theoretical background on several frameworks to facilitate an in-depth understanding of the nature of family businesses and the agricultural sector, charting the developments that have occurred. The conceptual model provided a framework of useful hypotheses, even though the model has its limitations and is too generic. The aim of this research is to identify other factors influencing succession that are not addressed in the model, if they exist. The following chapter will deal with the research question that will be answered through the data gathering process.

Chapter 3

Research Propositions

The aim of this research paper was to identify what the key issues are that will contribute towards formulating solid plans to help agribusinesses in South Africa maintain their longevity and sustainability - with succession as a key construct. The secondary research aim was to get a general understanding of the variables that are unique to South Africa, and how they affect the long-term sustainability of these operations.

Many researchers in the area of succession planning within family businesses have used a quantitative approach to get an understanding about the succession in relation to other factors. From the literature reviewed, the researcher acknowledges that the results from previous research lacked sufficient depth in factors that determine effective succession. Also, the number of successful black commercial framers in South Africa is too small for a representative sample when doing a quantitative study. It is for this reason that the researcher will use a qualitative approach in case studies. The aim of the research will be to investigate the following propositions:

1. Succession planning is a critical part of determining the long-term sustainability of family owned agribusinesses.
2. South African family-owned agribusinesses experience unique opportunities and challenges which shape the prospects of their long term sustainability differently. Racial differences play a significant role in creating a unique context for family owned agribusinesses in South Africa.
3. Theoretical frameworks on succession planning, like the conceptual model of succession are generic and do not consider other dynamics which may affect the satisfaction of stakeholders involved with the succession process.

Chapter 4

Research Methodology

4.1 Research Design

Saunders, Lewis & Thornhill (2009) explain research design as being the general plan that researchers formulate to go about answering the research question. Most studies on succession planning have been quantitative, where the research aim is to establish if a factor regarding succession correlates with another psychological aspect. The conceptual model by Sharma et al. (2003), for example, tests whether there is a positive relationship between aspects of succession and satisfaction with the process.

Not all family businesses will have the same perspective on succession planning, as they have different family dynamics that lead towards the need for a transition plan. Conducting a survey and doing a quantitative analysis to fulfil the research objective may not prove to be effective if the aim of the research is to shed light on what factors can be attributed to formulating an effective succession planning model.

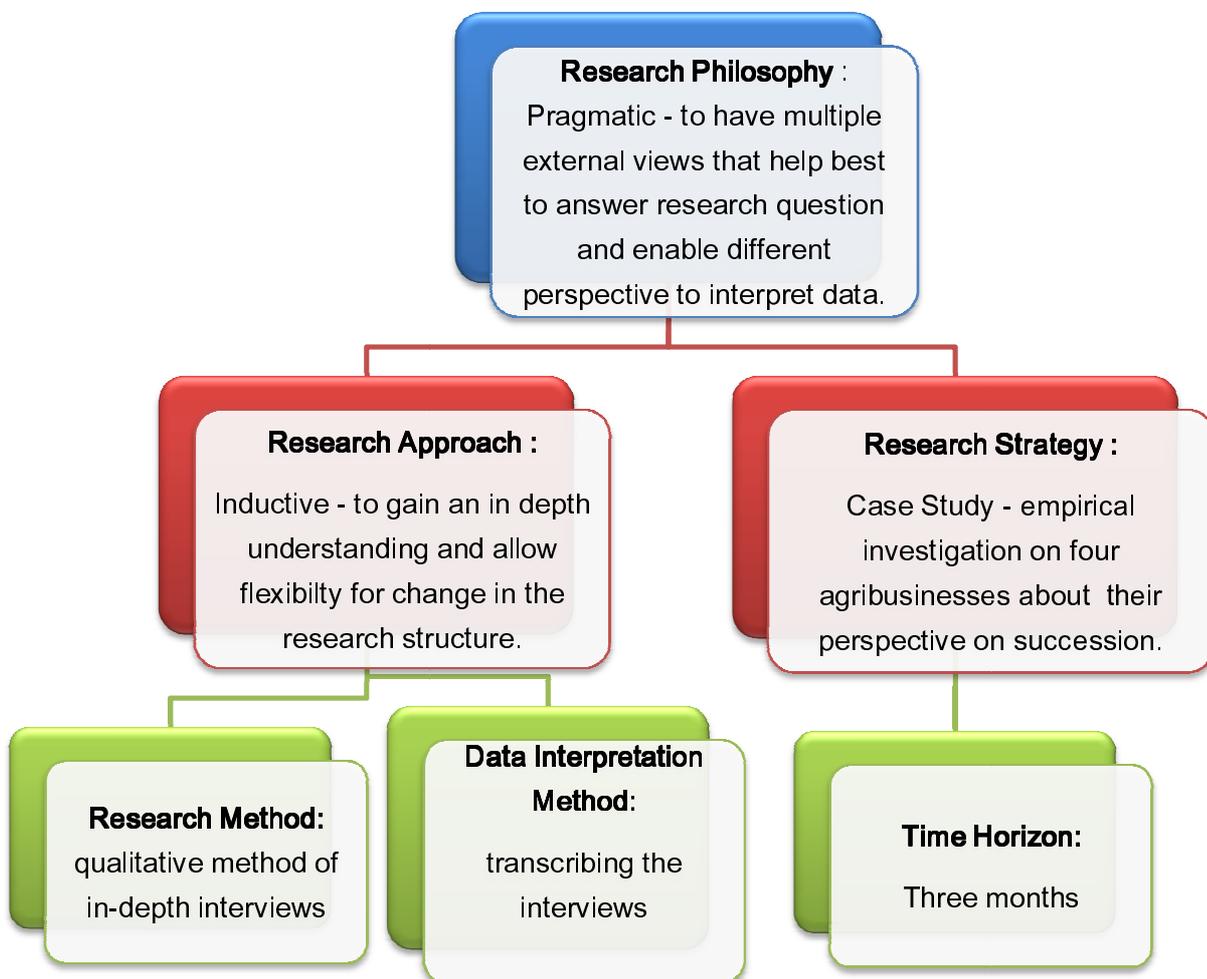
It is with this in mind that a qualitative approach was taken means of a case study method of analysis. Qualitative studies can give an understanding of people's behaviour by analysing responses from a psychological point of view in a way that a quantitative study cannot. This qualitative research served as an exploratory study which aimed to seek new insight into the field of succession studies and to analyse it from a different perspective (Robson, 2002).

An advantage of doing a qualitative study is that the subjects being studied can give answers that are richer in depth and may reveal valuable insights that may be missed by other methods. A case study method of analysis was used to look at key success factors of effective succession processes because existing qualitative studies have highlighted

common trends but have not provided adequate solutions. Figure 4 below is a model summarizing the methodology that this research paper undertook. The rest of the chapter will discuss the principle of writing a case study in the context of the research topic in detail.

Figure 4: Summary of the research methodology

(Saunders, Phillip and Thornhill, 2009)



4.2 Case Study Method

Robson (2002: 178) defines a case study as: “a method for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context, using multiple sources of evidence. The advantage of using a case method is that it can add value and depth to what has already been researched about the topic. The method has received considerable critical opinions from researchers. The criticism is often on the grounds that the method studies a small number of occurrences and cannot offer grounds for establishing reliability to generalise findings or to replicate the study (Noor, 2008).

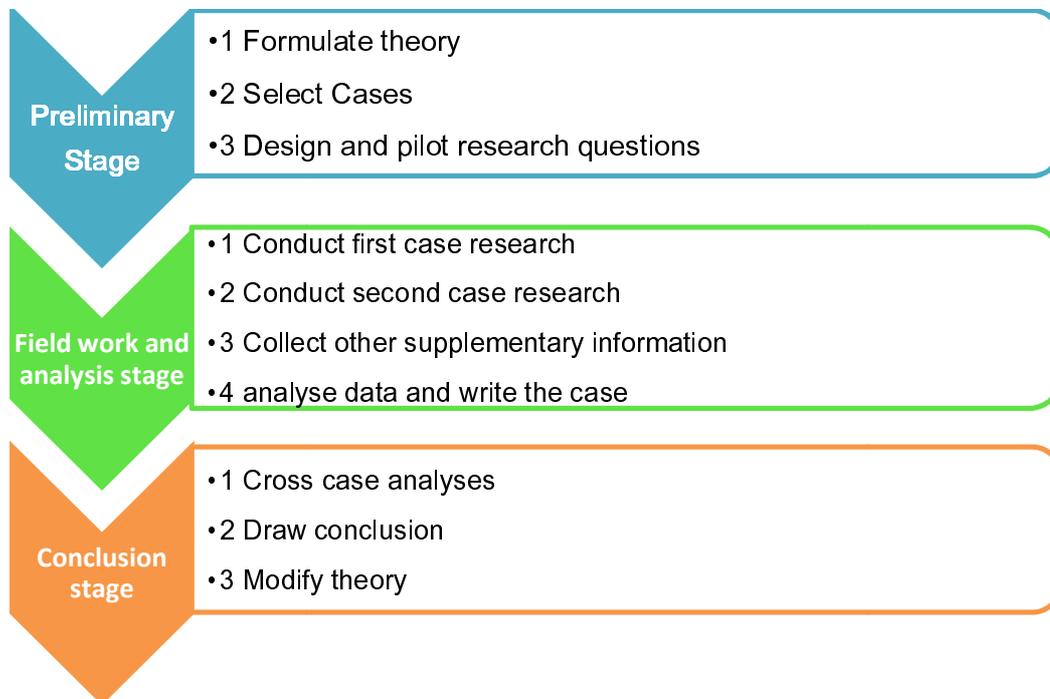
Case studies have the ability to generate answers to “why”, “what” and “how” questions, because they afford a rich understanding of the study context (Saunders *et al.*, 2009). The intention is not to try to understand the organisation as a whole, but to rather focus on a particular issue, feature or unit for analysis (Noor, 2008). In this research paper, the case method focussed on the issue of succession among four agribusinesses that are family owned. The aim of was to get an understanding of what the successful methods are and what barriers exist in facilitating a transition of ownership from one generation to another.

4.2.1 Conducting a Case Study Method

Noor (2008) formulated a systematic process on how to conduct a case study by dividing it into a three- stage process, namely – the preliminary stage, fieldwork and analysis stage and conclusion stage.

Figure 5: Stages involved in conducting a case study

(Noor, 2008: 1603)



4.2.1.1 The preliminary stage

Formulating theory

The process of formulating the theory was based on the information gathered from the literature review. For the purpose of this research, the aim was to integrate the conceptual model as well as the eight step process by Chrisman, Chua, Sharma and Yoder, (2009) to design the research questions.

Pilot questions

The questions were tested on a member of a commercial farming family that lived in Johannesburg, but farmed in KwaZulu-Natal. From the pilot interview, the author could identify that the key characteristics of the sample will have to be families where at least one of the members operates the establishment on a full time basis.

Case selection

Selection of the cases required the use of judgmental sampling, where the researcher formulated the criteria on the type of business to be interviewed and used her judgment to select cases that would best answer the research questions. The number of families to be interviewed was limited to four in order to gather data of quality, considering the time frame. The primary qualifying criteria for selecting cases were:

- Family businesses that have had a successful transition process and are now being run by a second or third generation and must be farming on a commercial basis.
- Family businesses that experienced a transitional challenge and should be run by the incumbent. There should be a successor, or there should be indecision as to who the successor should be.
- For the purpose of a geographical constraint, research was conducted in the eastern Free State; one family in Fouriesburg, two in Senekal and one in Viljoenskroon.

Conducting the research in the Free State proved to be valuable as the region not only contributes significantly towards agricultural input in the country, but also because farmers there are likely to face similar challenges. This limits irrelevant aspects of the research.

Research instruments and data collection method

Semi-structured interviews were used to facilitate flexibility in approaching the different respondents. The content of the interviews was derived from the research propositions as well as from the desktop research done about each family. The interview questions were common across all the interviewed samples while some were tailored to each unique case. The use of direct observations was also incorporated, where the researcher made notes of

the physical evidence that could contribute towards the research. The interviews were tape recorded to secure an accurate account of the conversation. These interviews were then transcribed and typed out for easy reference and analysed using a selected strategy and technique.

4.2.1.2 The fieldwork stage

Conducting the case studies

The outcome of selecting the case studies resulted in selecting two white owned family enterprises that were now being owned by third generation incumbents with the prospective successors in the fourth generation. The other two black owned family businesses were operated by the incumbent being the first generation and the potential successors second generation.

From the data gathering exercise it was evident that each family could be ranked as either having a highly successful plan for transition, a moderately successful plan for transition, or would then be less likely to successfully plan for transition. The respondents' identities were kept anonymous, but sufficient and detailed references to their profiles were kept below.

Case 1: Highly successful with a succession process

The family-owned commercial operation run by a white farming family in Fouriesburg was established in 1948. It specialises in apples, wheat, maize, and potato seed. The key enterprise is the apple operation that supplies Pick n Pay and also exports. The family comprises of four children, the eldest in her mid-30's and the youngest being 25. This family was ranked as highly successful in terms having a plan for transition, based on the

fact that all existing generations and most of the family members have been transitioned into the farming operations

Table 2: Demographic profiles of individuals interviewed for case 1

| Generation Represented | Individual Role and Age | Responsibilities |
|------------------------|------------------------------------|--|
| Third Generation | Father (59) | Has been working on the farm since 1972 to date, managing the potato seed and wheat operation. |
| | Mother (59) | Responsible for the Human Resources of the operation and has been involved on the farm since retiring from teaching in the 70's. |
| Fourth Generation | 3 rd born Son (28) | In charge of the apple operation since 2005 after completing a B-Com Economics degree at UCT |
| | 2 nd born Daughter (31) | Responsible for the financial management of the operation. Became involved in 2010 upon returning from working overseas as a chartered accountant in London and New York. |
| | Last born Son (25) | Worked in the mechanization department of the farm since age 21. Took a study break in 2010 to study for a diploma in agriculture for crop production at the University of the Free State. |

Not Interviewed: the First born daughter was not interviewed because she is not involved in the farm operation on a full-time basis like the other stakeholders.

Case 2: Moderately successful succession

The farming operation in Senekal is run by an esteemed black commercial farmer who bought the farm as a going concern in 2009. The family comprises of five children. The oldest is in her late 30's and the youngest is 21. The father is involved on a full-time basis on the farm with the eldest son and second oldest daughter getting involved on a part-time basis. The farm is operated by management staff members who oversee the dairy, cattle, sheep, piggery, apple and maize operation. The farm is the only black-owned supplier of milk to Woolworths food division.

The family has been moderately successful in preparing for transition and perpetuity. It has management systems in place to ensure that the operation can be successful and sustainable and as such, family members are not all engaged in the operation.

Table 3: Demographic profiles of individuals interviewed for case 2

| Generation Represented | Individual Role and Age | Profile & Responsibilities |
|-------------------------------|--------------------------------|--|
| First Generation | Father (54) | Acquired the farm after retiring from his corporate career in the catering business, working part-time on the operation in 2009 and engaging full time since 2010. |

| | | |
|-------------------|------------------------------------|--|
| Second Generation | 2 nd Born Son (35) | Works full-time as an executive in a telecommunications company in Johannesburg. A chartered accountant by profession, who works part-time on the farm assisting with special projects and the finances. |
| | 3 rd Born Daughter (29) | Responsible for the financial management of the operation on a part-time basis. Currently works full-time as an investment banker in Johannesburg. |
| | Last born Daughter (21) | Musician and qualified event manager. Not operational in any way on the farm but was interviewed to get the reasons why. |

Other Interviewees:

Two of the management staff, one male and one female, both twenty-five years old. This was to try understanding their motives behind getting involved in farming, and their future aspirations as young black farmers.

Father's cousin: He works as a herdsman on the farm. He provided his perspective as a farm worker on a family owned farm and his opinion on the key success factors for a farm operation.

Not interviewed: The mother and the first and fourth-born daughters were not interviewed because they do not play an integral role on the farm.

Case 3: Moderately successful succession

This white farming family, based in Viljoenskroon, has a legacy of over 100 years, established after the Anglo-Boer War. It has been operated by the father on a full time basis, who plays more of a management than operational role. This family has the largest operations of the four, farming summer crops like maize, groundnuts, sunflowers and livestock (breeding cattle and a piggery). They also do some further processing of the groundnuts, roasting and the peanut butter as well. On the livestock side they have an abattoir where they slaughter livestock for themselves and for other famers in the area. They also process and distribute to various parts of the country. The family comprises of four children, the oldest in her early thirties and the youngest aged twenty-five.

The family has been moderately successful in terms of having a plan for transition because it has similar dynamics as case two. Not all the family members are engaged in the operations on a full-time basis, but it has a competent management team. The children have a degree of engagement within the business.

Table 4: Demographic profile of individuals interviewed case 3

| Generation Represented | Individual Role and Age | Profile & Responsibilities |
|-------------------------------|--------------------------------|--|
| Third Generation | Father (62) | Succeeded his father after he passed away. He made a decision to become a farmer following the completion of his MBA in the late 1960's. |

| | | |
|-------------------|---------------------------------------|--|
| Fourth Generation | 2 nd Born Daughter (30) | Works as a consultant after having completed her Masters in Development at the London School of Economics. Serves as director in the holding company for the farming operation and has been identified as the one of the children who is likely to be the successor. |
| | Last born Son (25) | Currently studying for a Masters in Development at the Royal Agricultural College in the UK. He also serves as a director in the holding company for the farming operation. He is also one of the children who is likely to be the successor. He has worked on the operational side of the farm for about 7 months after completing his honours degree in Sociology. |

Not Interviewed: The mother and two of the daughters. They are far removed from the business operations due to their career choices, although they serve as directors in the holding company as well.

Case 4: Less likely to be successful in achieving a succession process

This black-owned farming operation in Senekal is operated full time by the father. It is a specialised dairy operation that supplies dairy to a large processing operation in Pretoria. The family comprises of three children. The oldest in his late thirties and the youngest is fourteen years old. They also own other business operations apart from farming.

It seems the family has dynamics which make it less likely to ensure that succession takes place successfully. The father is the only one who is involved on a full-time basis, and none of the children are currently engaged on any basis.

Table 5: Demographic profile of individuals interviewed case 4

| Generation Represented | Individual Role and Age | Profile & Responsibilities |
|-------------------------------|--------------------------------|---|
| First Generation | Father (64) | Purchased the farm in 1994 as a diversification strategy from his other businesses in Senekal. Fulfills a management role on a full time basis. |
| Second Generation | Last born Son (14) | Currently completing his high school education grew up on the farm and has shown some interest to succeed his dad, but he also expressed his aspirations to become an engineer. |
| | Second born Son (29) | Works as an IT specialist in Pretoria, not involved on the farm. The father had pointed out that son's perspective on why he was not involved would be of interest. |

Not Interviewed: The mother and the eldest son. Neither of them had a distinct role to play within the farming operation.

In summary, five people were interviewed in case 1. They were all family members who actively participated on the operation on a full time basis. In case 2, seven people were interviewed. The father, as well as two of the farm managers worked on a full time basis, while only the eldest children participated on a part-time basis. In the case of the family in case 3, three people were interviewed. Although the other two children served on the

board of the family operation, they were not interviewed as they were less likely to engage in the farm as successors in the future. Case 4 involved interviewing three people, the father, the youngest son who would be the prospective successor, as well as the eldest son who had interesting viewpoints as to why he did not want to be on the farm. These interviews took place over a period of three weeks, with the researcher spending a week in the Eastern Free State to interview the stakeholders that resided on the farm.

The general interview questions were about the interviewee's history, how they got involved in farming, their opinions on succession and their future orientation around succession and their farming career.

DATA ANALYSIS PROCESS

The process of analysing data involves examining, categorising and tabulating the information to address the propositions that were set out for the study (Yin, 2003). It is a complex process that requires a strategy and technique to be applied to analyse the information.

The strategy that was applied for this study was to develop a descriptive framework for organising the case study. This framework involved ranking the cases according to how successful they were in achieving a transition process and the likelihood of the business having perpetuity.

Thematic analysis is an exploratory method that aims to 'understand' rather than 'know' the data (Babbie & Mouton, 2001). This method was used to develop themes and interpret the information by determining similarities within each of the transcripts. The higher order themes were that of organising each of the cases according to the rankings. The second order themes were based on placing the information in chronological order with sub

themes under each time frame. The themes were derived from propositions that were formulated following the interviews and the answers that were obtained.

Table 6: Overview of the data analysis method

| Higher order Theme : Case according to ranking | Case 1: Successful Succession | Case 2: Moderately Successful Succession | Case 3: Moderately Successful Succession | Case 4: Unclear Succession |
|---|-------------------------------|--|--|----------------------------|
| Second order theme 1: Past and cultural legacies | | | | |
| <ul style="list-style-type: none"> • Within the context of white farming families, a historical legacy exists and black farming families have an aspiration to build a legacy, upon acquiring the farms. • The white children experienced a childhood on a farm that may have shaped their decision to get involved. The black children experience paradigm shifts on their perceptions about farm life. • There is a difference between the motives of black and white incumbents when it comes to their decisions to become farmers. • The younger generation are driven by motives that influence their degree of involvement. The perceptions about farm life have also had an influence on their decisions to get involved. • There is little clarity for the incumbents around who the successor will be amongst the younger generation. • There is more clarity for the children than there is for the parents around who the successor will be amongst them. | | | | |
| Second order theme 2: Current factors affecting the succession process and perpetuity | | | | |
| <ul style="list-style-type: none"> • There are various approaches that the incumbents can take, to incorporate the younger generation into the business at an early stage, thus increase the likelihood for a long term transition. • The younger generation get involved on the farm, driven by several motives that stem from their long -term desires in life. • Some of the families had key success factors that enabled them to have a smooth transition process to take place. There are challenges and barriers that exist, which have prevented other families to have a smooth succession process. • The issues around succession are unique to each of the families' dynamics and are tackled differently. • There is value in having outside advice to give an opinion on the succession process. • Government policies have an influence in the parent's opinion towards the long term sustainability of the family business. • In the children's opinion, government does have an influence towards the long-term sustainability of the business, but is manageable. | | | | |

Second order theme 3: Future Orientation for the stakeholders

- The parent's have a relatively unique perspective of what the future may hold for their family owned businesses.
- The younger generation has a different view from the incumbents of what the future may hold for their family owned businesses.
- There are some key considerations from the established commercial farmers that emergent farmers can learn from.

4.3 Ethical Considerations

The researcher obtained an ethical clearance from the ethics committee of the Gordon Institute of Business Science before undertaking the research. Following the approval of the clearance, permission was obtained via telephone or email to interview the sample. An interview schedule was drawn up according to the availability of the relevant interviewees. The researcher informed the interviewees that the information would be used for academic purposes and that, due to the nature of the research being for a case study, confidentiality of their identity would be guaranteed. With regards to interviewing the fourteen-year-old minor, the researcher obtained permission from the parents to interview them. No questions that were controversial were asked at any time.

4.4 Limitations to the study

For this study, the limitations to the research were:

Access to data – locating cases of families that meet the qualifying criteria may prove to be difficult seeing that the study is confined to looking at them within the agribusiness sector.

The timeframe required to execute the study is short. Consultations with the cases had to be arranged well in advance to obtain full cooperation from them.

This study required some financial input as it required the researcher to travel to the locations where the businesses were based. These businesses were outside the researcher's geographical location.

There are often some misunderstandings about using a case method that somehow as it is a method that ought to be used with great caution and precision to avoid not meeting the research objectives in terms of the misunderstandings about case studies Flyvbjerg (2006) identifies and corrects five prevalent misunderstandings about case study research:

(1) General, theoretical knowledge is more valuable than concrete, practical knowledge.

Flyvbjerg (2006) corrected this misconception by stating the study of human affairs cannot yield to predictive theories and universals, therefore it is more valuable to have context-dependent knowledge than a vain search for theories and universals.

It is for this reason that the researcher chose to use the case study method, to collect concrete information that would somehow test if the theoretical knowledge written about the topic of succession was valid when addressing it through interviews and observations. The use of a quantitative method would have also been useful, but it would have limited the researcher's ability to find some of the key insights some which were of interest was the presence of women as prospective successors in a male dominated industry. Through conducting a case method the researcher got to get a clear understanding why they got involved.

(2) One cannot generalise on the basis of an individual case. Therefore, the case study cannot contribute to scientific development.

The generalisation aspect of an individual case study holds some ground. It is for this reason that the researcher chose to use a multiple case method so as to gather as much information that could be triangulated as possible, to avoid generalising. Case studies can

contribute to scientific development by bridging literature to the data and building new theory from it.

This is supported by Eisenhardt (1989), who believed that tying the theory that could emerge from conducting a case study to existing literature can enhance the internal validity, generalizability and the theoretical level of theory building. Flyvbjerg (2006) also advocated that one may not necessarily generalise from case studies; they can be a useful tool to examine existing assumptions.

The results corroborate with this statement, as the assumption that most of the theory makes is that there is in most cases one successor. This does not always hold truth due to the fact that in three of the families interviewed, there was more than one prospective successor. The reasons why there was more than one successor were also encapsulated in the context of using the case study method.

(3) The case study is most useful for generating hypotheses, whereas other methods are more suitable for hypotheses testing and theory building.

Flyvbjerg (2006) addressed this misconception by stating that case studies are useful for generating hypotheses, but are not limited to these research activities alone. The type of sampling method chosen also has an influence on whether propositions or hypotheses will be formulated to achieve the research objectives.

The researcher could support Flyvbjerg's (2006) statement as the sampling method chosen was information orientated to maximise the amount of information that could be derived from a small varied sample. Research propositions were formulated over hypothesis, as the objective was to obtain serendipitous information which would have been constrained if the method of hypothesis testing was chosen as the data gathering method. The unexpected information that was obtained through this research paper was

the ability to obtain valuable insights from some of the farmworkers in case 2, one who had interesting opinions around why he would not aspire to own his own farm, even if government gave him the opportunity to do so, because he would encounter succession problems as his children had highly negative perceptions about farming as a career.

(4) The case study contains a bias toward verification, i.e., a tendency to confirm the researcher's preconceived notions.

Researchers who have conducted intensive in-depth case studies have in general found that their preconceived views, assumptions, concepts and hypotheses were wrong and their case evidence often compelled them to revise their hypothesis on essential points (Flyvbjerg, 2006).

To corroborate with Flyvbjerg's statement, the researcher found that many of her preconceived notions about the likelihood of finding young black farmers, who chose the field because they were passionate about it and not because of structural reasons, of being unable to find a job in urban areas. Through interviewing two young farmer managers in case 2, she realised that there are some instances where young black farmers choose the career in the field out of passion and that they also feel they would have better future career prospects within farming, than if they chose to work in urban areas.

The second assumption was that the lifestyle of the new generation farmers would be as traditional as their parents. Through observations, the researcher found that the eldest son in case 1, who had just recently gotten married, had made an effort with his wife to redecorate their home to a modern semi-urban feel that would reflect the era in which they were living, while maintaining the traditional aspects on a less pronounced level.

(5) Last, it is often difficult to summarise and develop general propositions and theories on the basis of specific case studies.

The argument by Flyvbjerg (2006) on this misconception is that problems in summarising case studies often come out of the properties of the reality studied rather than the case study as a research method. It is often not recommended to summarise a case study.

Good case studies are best left in their narrative form.

Finding the best method to summarise the case study was one of the hardest tasks for the researcher. She chose to use a method where propositions are set based on the chronological themes selected, and used the method to compare findings from each case, whilst maintaining the case in its narrative form.

4.5 Conclusion

This chapter outlined the research methodology that was used in this research study. The chapter motivated the use of a multiple case study method and provided reasons as to why it was adopted. Data collection was done by using semi-structured interviews as a main source of data as well as direct observation. The interviews were tape-recorded and typed out to allow for ease of analysing. The strategy adapted to analyse the cases was that of developing a framework of ranking the cases according to how successful they were, in achieving a transition process and the likelihood of the business having longevity. The technique used was of developing themes that would ensure that the information is analysed in a logical order. The next chapter will be composing the case study using the information obtained from the interviews after which, a discussion will follow on the themes that emerged.

5.1 Introduction

The compositional phase of a case study is regarded as the most difficult process, requiring a great deal of thought as to how it will be tackled. If articulated well, it can serve as an opportunity to make a significant contribution to knowledge or practice (Yin, 2003).

The researcher took the approach of using a cross-case format of analysing results. The objective was to get a comparison between each cases' answer to the issue addressed.

Questions were conducted around the themes developed. They were captured using direct quotations to substantiate the points made. Before getting into the comparative analysis, the context of how the interviews were conducted is explained, to give a rich understanding of each family's story.

Case 1: A journey of over 40 years and beyond

As the researcher arrived on the farm in Fouriesburg, she was greeted by the son (28) who is responsible for the apple operation. He was working in the apple packing house. It seemed like a busy day, as all the researcher could see were glistening apples going through a machine, being packed for trade, to supply Pick n Pay.

At the workstation below the son's office, were a number of workers neatly dressed in blue uniforms, working on an assembly line operation, sorting apples and packing them into boxes.

We walked to the training room, followed by the son's golden retriever George, and Tanah, a playful little Labrador. In the training room there was evidence that a lot was put in place to make the business successful. There was a notice board that highlighted elements of BEE and the son explained how they are in the process of designing Empowerment

Schemes for their workers. After having the purpose of the research explained to him, he said it would be appropriate if his father told the story of how the operation started.

On the way to the main house the son told the story of how his dad had grown up in the house that is now their trading store. The farm had been previously sold off to German missionaries in the seventies and was soon repurchased in 1995, much to the family's delight. He showed the researcher the place where, in his youth, the family would enjoy Christmases under the oak trees.

We were warmly greeted by the mother, father and sister who were just about to sit down to a lunch, before interviews commenced.

The mother and daughter, who had an obvious close knit relationship, had prepared a broccoli and vegetable soup. We could only sit at the table once the father had sat down. It was an example the traditional values that the family upholds. There was no talk about business throughout the meal. The younger son was contacted telephonically as he was still at school, completing his agricultural degree. The aim was to get an understanding of what his prospects were upon coming back to the farm in a few months time.

Case 2: A new beginning and great hope for a prosperous future

The brief journey to the outskirts of Senekal, involved travelling across acres of land that belonged to just a few farming families. The purpose of this journey was to go and interview the father, who lived on the farm permanently. Work is under way on the construction of a tar road leading to the farm. The father told the researcher that this was part of the Recapitalization Program that the government was trying to pilot with a few black farmers from the Free State, before rolling it out nationally.

As we approached the main house, the researcher saw several fattened sheep and lambs and some cattle busy grazing. The researcher was greeted by a group of young men who showed her to the main office where the father was. It was evident that they were used to outsiders at the establishment, coming to observe how the operation had become a phenomenal example of a successful black-owned commercial farming operation in such a short space of time. The father gave the researcher a warm greeting, as did the cattle operation manager. They were having a daily management report meeting about how the trade at the feedlot was going. He looked far more relaxed than the tough businessman the researcher had met three years ago, when he still ran the large catering business. The interviews were conducted over a day and she got to engage with some of the management staff members as well.

A few weeks later the researcher got the opportunity to interview the two daughters, who shared an apartment in Johannesburg. The older daughter had just come back from a trip to New York two days back to visit the middle sister, who is studying journalism. The researcher got an opportunity to interview them together, but the main objective was to get the perspective of the older daughter (29) who was working on the farm on a part-time basis.

The older brother (35), who is also involved on the farm on a part time basis, was interviewed a few days later at his family home in Midrand. It was great to see his enthusiasm for the agricultural sector, and he told of his aspirations to become a full-time farmer one day.

Case 3: A legacy of 100 years and prospects of another century for the farming family

This farming operation situated outside the small town of Viljoenskroon, had an allure and great of beauty, apparent upon driving through the gate. There was a glimpse of a big

white Cape Dutch style house and to the left were a couple of healthy looking Sussex bulls. The father later informed the researcher that they were a special breed of beef cattle and that the operation had been breeding them since 1945.

The researcher was shown to the meeting room where the interview would take place. The room was full of trophies and awards, signalling the esteemed reputation of farming excellence that the family was known for. On one wall was a portrait of three men who showed a striking resemblance to the father. The researcher was fascinated by this and asked him to explain who they were.

He obliged:

“The top right hand guy is my great grandfather who, had emigrated from Wales. He came out of the age 18 and owned a transport business that took goods on ox- wagons from the mines in Barberton and Kimberly. He was quite successful but died young at the age of fifty. His son who was my grandfather on the left, he was 16 when his father died and went out to work for a coal mine and a large scale farming operation family north of there. Soon after the Anglo Boer war he bought a farm in this area. That’s when he started really farming on his own account and was succeeded by my father, as well as other extended members of our family who have since left the region. So this farming operation has been in the family business for just well over 100 years.”

A few weeks later the researcher met with the daughter (30) at the leafy suburb of Morningside in Johannesburg, where she worked part- time as a consultant. The brother, who was still in the UK, was interviewed via a Skype call.

Case 4: Hard work and a hope of a future in the young generation

The remote farming operation is situated within 15km of Senekal. The researcher was there to meet the father who was sitting by himself, waiting for his wife to come back from running her errands. The house was beautifully renovated and he explained that the sandstone finishings came from his wife's production plant. The interview was brief and then he went to go meet his youngest son, who was a boarder at the local high school in Senekal.

There was an individual interview with the timid young boy (14), without his father's presence. He was very soft spoken, and had great love and admiration for his father. His aspiration to carry on his legacy someday was somewhat apparent.

The older brother (29) was interviewed at a restaurant in Pretoria a few weeks later. He was based in the city to pursue a career in the IT sector. His perception of getting involved in the farming operation was very different to his younger brother's. The aim was to get to the underlying reasons for this.

The overall framework that was established to build the cases is summarized in table 6 in chapter 4. The framework used was to rank each family according to how successful they have been in achieving a transition process.

Themes were then developed using chronology to structure them. Within each timeframe that was conceptualised, propositions were derived from the common themes which were, in turn, derived from the questionnaires.

5.2 Understanding the influence of the past and cultural legacies

In order to get a fundamental understanding of how each family came to be in its current position, it is important to consider which aspects of their past and culture have shaped the decisions they have made regarding transition, especially in the cases of family businesses that have existed for more than two generations.

Within the context of white families, a historical legacy exists and black families have an aspiration to build a legacy, upon acquiring the farms.

The general trend amongst the white established farmers was that they had inherited the farm from their predecessors. In both cases they had succeeded their fathers. One of the key contributors towards their success for case 1 was that the children had known both their great grandfather and grandfather who were also farmers. The parents believed that they were role models on the type of leadership styles that the children should adopt amongst the farmworkers.

Case 1: Successful Succession

“Well I think it helps that they have always had a good exemplary figures being my father in law as well as their great grandfather, so they could see from a communication point of view how the elders made it work.” - Mother

With the new black farming families, the assumption is that they are starting a historical legacy for themselves, as they would have acquired the farm through the process of a willing seller that is common with the Land Redistribution system. The farmer in case 4 bought his farm as a diversification strategy from his other businesses after the 1994 elections.

Case 2: Moderately successful succession

"I bought this farm from the De Villiers family in 2008. The name of the guy was Jan De Villiers, I think he had been third or second generation of the De Villiers who were here." –

Father

The white children experienced a childhood on a farm that may have shaped their decision to get involved. The black children experience paradigm shifts on their perceptions about farm life.

The children of the established farmers seemed to have had a distinct childhood on the farm, which may have shaped their desire to get involved in the future. This childhood comprised of doing chores on the farm, going to agricultural shows, riding and tractors and horses, amongst other things.

Case 1: Successful Succession

"Growing up on the farm was very special for me. I think there are two views to farm life, that of someone who has grown up on the farm and that of someone who has not been as fortunate to have had the experience. I think farm life is definitely meant for some but not for everyone. I really loved growing up in such a clean, open environment." - Youngest son (25)

Case 3: Moderately successful succession

We had the most unbelievable childhood where we immersed ourselves on the farm; we had horses and were involved in the cattle. The farm would participate in the agricultural shows and we would participate in the youth section." – Daughter

The new black farmers' children felt that they had to have some paradigm shifts around what farming life is like. All the experiences were new in their case. The farm was always viewed for them as a place to live and retire and somewhat backward in terms of the standard of living. They never saw it as a functioning business.

In case 4 the situation was different. The young son grew up on the farm and this may have formed a good foundation for him to participate fully on the farm one day and this may have been the reason why he was the exception to his older brothers who still had negative perceptions of farm life.

Case 2: Moderately successful succession

"Well I don't think I have ever been on a commercial farm before hand." I have also taken some of my friends with, they were also very shocked, it's like people don't expect a working farm when they get here, so yes, it was a big mind shift." *Daughter (29)*

"I think my perceptions changed, by getting involved with my dad on a day to day basis and seeing how it works." *Son (35)*

Case 4: Unclear succession

"I used to help my dad with the dairy farm with activities such as bringing out the cows and taking them to be milked. I think I was about 9 years old" – *Son (14)*

The above statements verify that a level of involvement with the farm whether it be at an early or later on does have an influence towards orientating the younger generation around the operation. The young son in case 4 may have developed his interest to get involved from his experiences growing up.

There is a difference between the motives of black and white incumbents when it comes to their decisions to become farmers.

There was a great deal of diversity for all the respondents, around why they got involved into farming. With the family in case 1, the father was merely carrying on with the tradition of succeeding his father. The family in case 2 was driven by how he had developed a passion for making money from selling livestock, as he grew up under a father who speculated with selling livestock for weddings and funerals in the township. His primary motive was to retire in the Free State and not in the hustle and bustle of Johannesburg.

The opportunity cost of getting involved in farming for the father in case 3 was tremendous. He is highly educated and had just completed his MBA at Harvard Business School, when he decided to go back to the farm. The primary motive for him was that there was a window of opportunity at the time to build a highly profitable business. The farmer in case 4 was driven by the need to make money as well as to leave a legacy for his children.

Case 1: Successful succession

“My background was also in accountancy and I had studied it in Durban. My intention was to come back to the farm joined by my brother who studied agriculture at Potchefstroom Agricultural College, to succeed my father.” - Father

Case 2: Moderately successful succession

“My intention was not to pension in Johannesburg. My intention was to come here to the Free State and see what I can do in agriculture, which is an interesting industry that blacks are afraid of.”- Father

Case 3: Moderately successful succession

“Well I was weighing up the alternative of staying in America to pursue a career in finance or weighing up the choice to come back to the family business, which was the alternative I took in 1968. Agriculture in South Africa in the 50’s and 60’s was doing really well. Technological breakthroughs led for maize yields to triple over a period of 15 years and as a result, farmers made a hell of a lot of money.” – Father

From the evidence, it seems that the white farmers were strongly driven by the need to carry on with the family legacies of farming from one generation to another. The black farmers pursued farming as a means to venture out on different career avenues. The common motive amongst the black and white farmers was that they saw the field as having a lot of financial viability.

The younger generation are driven by motives that influence their degree of involvement. Their perceptions about farm life have also got an influence on their decisions to get involved.

For the family in case 1 with a smooth transition, the motives for the children were driven by the need for them to seek a lifestyle that complemented where they were in their life stages. All of them were given an opportunity to travel abroad and establish themselves within a career as well. In case 2, the two eldest children felt they could add value in terms of helping the father with the financial aspects, as they both work in finance.

The children in case 3 had a similar background to that of the children in case 1. They were all encouraged by their parents to obtain a degree overseas and to explore other career avenues. They seemed less reluctant to get involved at the moment, although the brother had spent a few months working from the ground up before resuming studying for his Masters in the UK. In case 4 the younger son had some aspirations to get involved

one day so that he can build on his father's legacy. His older brother however, did at some point consider getting involved; when his dad intended to sell one of the farms. The reality of having to live in Senekal was not appealing for him.

Case 1: Successful Succession

"I thought of going overseas to pursue a corporate career in London. I came back from university, gave the farm work three months to see if I liked it, but after a week I realised that this is something I'd want to do. For me the lifestyle is fantastic" - Son (28)

"I have lived in cities like London and New York, worked for corporate and all that. So I'm happy that I have made the good choice for myself coming back to the farm. It's obviously not for everyone. I definitely would say that the financial gains were not my biggest motivators to coming to the farm. Maybe in corporate they were." – Daughter (31)

Case 2: Moderately successful succession

"My dad is a maverick kind of character, who looks at the bigger picture most of the time, so I think it helps that he's got my sister and I to bring him back to looking at the real picture and the detail. We serve as his sense check towards the viability of his long term ideas.

It had nothing to do with money; all it had to do with was to understand what farming is all about." - Son (35)

Case 3: Moderately successful succession

"We were encouraged by our parents to pursue other career avenues that are not in line with the farm especially by my mum. We were never obliged to participate on the farm." – Daughter (30)

“I had been working on the farm for six to seven months, just working on the ground worked right at the bottom as a farm worker, I’m really looking at getting work experiences that will enable me to get into the farm environment someday.” – Son (25)

Case 4: Unclear succession

“I would like to get involved one day as I want to make my father proud and make good money.” – Son (14):

“My dad has three farms he was considering to sell the other one, I kind of considered buying the other one, but I was not sure what I would use it for and it would also mean that I would have to go and stay in Senekal.” – Older Son (29)

The key learning from children in case 1, was that they all had a favourable perception about living on a farm, thus it made the decision easier for them to go back. The daughter felt that she had achieved a sense of accomplishment with her past career prospects, but was at a stage where she felt she wanted a more pleasing and fulfilling life. The children in case 2, were motivated by the need to get involved so that they could add value based on their experiences from their current careers. They had a relatively positive perception about farm life, but had other structural obligations that would not allow them to live there on a full- time basis. With case 3 it seemed that they were able to get exposed to other career options, as a result did not feel ready to transition on the farm on a full time basis. The younger son in case 4 was motivated to one day get involved on the farm, although he still had a lot of prospects ahead of him. His older brother did consider once to buy one of his father’s farms. He generally did not have a favourable perception about living in Senekal.

There is little clarity for the incumbents around who the successor will be amongst the younger generation.

What was common amongst all three families was that it was not really clear amongst the incumbents who the successor would be. With the family in case 1, all of the three children could be the successor. The greater responsibility would most likely be handed over to the eldest son, who had been there the longest. The biggest priority for the parents was for the children to have sufficient support to handle all the duties. In this case succession would be more about the parents handing over responsibilities than handing over ownership.

Case 1: Successful Succession

“We would like to hand over making sure that they have all the right support to handle the responsibility.”- Mother

In the case of the second family, the father identified the daughter to be the possible successor. She was thinking about leaving her corporate career due to a re-shuffle. Her father presented the opportunity for her to handle the financial management on a full time basis, as they were looking at prospects to expand the operation.

Case 2: Moderately successful succession

“I will possibly spend another ten or fifteen years here and somebody else must take over the family business. I think it will either be my son or my daughter; in fact I want to pull my daughter out of her current job to be full time here. I’d like to pay her a salary to work here full time doing the finances. She’s going to think about it and ultimately assess what her current employer has to offer”. – Father

The family in case 3 faced a bit of a dilemma. It was easy in the case of the father to transition into the family as he was the only son. Traditionally in those days, the son would be the first in line to take over from the father. With his children there is a bit of a grey area

around which of the children would be most likely to be the successor. Having obtained other qualifications may have influenced their decision to come back into the farm. In case 4, the father also has the same predicament, where he assumes that the youngest may transition into the business even though he has not said it.

Case 3: Moderately successful succession

“In my case, I think that is absolutely clear that I would be the successor. But I was not going to be the logical successor until I made a decision that I was going to come back to the farm. With the children, my attitude has been that they must make up their minds in terms of their extent in which they want to get involved in the farming operations. I have always encouraged them to go out and get themselves qualified in other directions. -

Father

Case 4: Unclear succession

“The smaller one I think he has potential to come back and look after the farm, he has not said it but I can see with the way he acts.” – Father

There is more clarity for the children than there is for the parents around who the successor will be amongst them.

The common finding amongst the families was that the children seemed to have more certainty than their parents around who would most likely be the successor. Family one acknowledged that in their case they would carry on sharing the responsibilities as they are doing currently.

Case 1: Successful succession

“Five to ten years from now is that we may be in the situation of having to take over from my dad, but in this case there’s my sister and brother.” – Older son (28)

With the family in case 2, the consensus was that it would be amongst the older children who already played a role. The brother had family responsibilities; therefore the sister would be the one who would be most likely to assume the father’s leadership role.

Case 2: Moderately successful succession

“It seems to be more like me than my brother, because he’s got his own family so he would have to move. Should he move, he would have to consider the needs of his family, whereas with me, I don’t have so many obligations” - Daughter (29)

“It’s most probably difficult to say that, but the most likelihood scenario would be that I would have to take the initial responsibility of all this, if my father were to pass away.” – Son (35)

In case 3, the two daughters who were not as involved as the other two children, had their careers to serve as reason for not being drawn in. The two who were involved, had a bit of interest as they studied subjects within the developmental space that may be linked with the farm. With case 4 the younger son would have enough merit to be the possible successor, as he had grown up on the farm and also showed some interest.

Case 3: Moderately successful succession

“I think my second older sister and I of my siblings are the ones with the most interest to get really into the farm, whereas my other two sisters are really into their current careers.” - Youngest son (25)

Case 4: Unclear succession

“The thing is with us we did not grow up working on the farm, but my younger brother did, so it will actually make a lot of sense for him to take over the farm.” – Older son (29)

To compare the degree of clarity between the incumbents and the younger generation around who the prospective successor may be, it can be said that the children have a better idea, because the decision has to ultimately come from one of them. Their ability to rationalise their decisions around the successor will be based on their responsibilities in their current life and what they hope to achieve in the long run. Parents....

From the interviews, we found some key insights such as:

- The assumption that could be made about the black- owned family businesses is that even though a rich historical legacy does not exist, there are certain unique drivers that have facilitated them in becoming farmers.
- Within white -owned family operations, the children may have had childhood experiences that enriched their interest to get involved in the farming operation, whilst the children of the black farmers may have experienced some paradigm shifts about farming life which have implications for them to get involved.
- In families where there is a presence of more than one successor, succession may have more to do with transferring responsibilities than transferring full ownership.
- The value of the children’s past career and future prospects have an influence over their willingness to transition into the family’s farming operation.
- With the most successful family (case 1), it was evident that there is a positive correlation between the children exploring life first in terms of travelling and experiencing other career options and their willingness to transition into the family farming operations.

5.3. Current factors affecting the succession process and sustainability of the business

There are certain strategies that the parents can adapt to incorporate the children into the business and increase the likelihood of a succession to take place.

The sector has evolved tremendously from what it was, when the parents in the third generation were transitioning into the family businesses. For all the families there are unique drivers and strategies that have enabled them to have a transition process. In some of the families seemed to have experienced challenges and barriers.

There are various approaches that the incumbents can take, to incorporate the younger generation into the business at an early stage, thus increase the likelihood for a long term transition to take place.

It was evident from the respondents that parents could play a role in terms of orientating the children around the family business and have them possibly transition into it. Case 1 has an unusual case whereby all the children (except the eldest) made the decision to transition into the family business. The children clearly expressed that it was their own choice to get involved and said they felt privileged to have the opportunity to play a role in their family businesses.

Case 1: successful succession

“We did not anticipate all of them joining us we were just growing business. There was no master plan. I think it has generally been their own choice. They have said that this is where they want to be. We have been extremely fortunate, not to say it was all plain sailing.” – Mother

The father in case 2 saw the need to let the children get involved as soon as they could , as he was building the legacy for them and that it was in their best interest to get involved as early as possible. He emphasised the need for involvement from the two older ones as the younger daughters were still trying to explore other avenues in life.

Case 2: Moderately successful succession

“Based on the discussion I had with my father, he said that if its going to be yours, its going to be a legacy thing , whether you like it or not. It’s in your best interest to know what is going on. So the earlier the better.” – Son (35)

In case 3, the father developed the pragmatic strategy of making each of the children the directors of the holding company once they reached age 21 , as he believed they could at that age make a meaningful contributing towards decision making. It is a strategy that has worked well for them, as the children could get acquainted with the management staff of the operation, and get familiar with the management aspects of the business.

Case 3: Moderately successful succession

“A few years ago I decided that I will bring on the children as directors into the farming operation as soon as I reached age 21. They became directors of the company so it meant they became fully involved in the strategy of the company, where we are going, what we should and shouldn’t be doing and they also had access information about the family operation.”- Father

In case 4, the father felt the need to orientate the son about farming, by encouraging him to take agricultural courses and to doing vacation work on the farm. This may be a good strategy, but it would depend on whether the son would be willing or not.

"I think I will encourage the 14- year old to come back and take the agricultural courses and so forth and send him off to do vacation work on farms." – Father: case 4

From the above statements, it is evident that the parents can take certain approaches in incorporating the children into the business from an early stage. The children in Case 1 were able to transition into the business merely because the willingness came from their side. In case 2, the father made the children aware that they would have to play a bigger role in the long term, therefore, it was in their best interest to get involved from an early stage. The strategy of the father in case 3, to make the children sit on the board of the company as directors was a good one. This would give them a sense of ownership from a young age and could enable them to get acquainted with the management staff and systems in place. The father in case 4 it seems would have a more difficult task, as to whether his approach to orientate the son by encouraging him to do vacation work on the farm would depend on whether he would be willing to do it or not.

The younger generation get involved on the farm, driven by several motives that stem from their long -term desires in life.

In all four cases there were unique drivers that led the children towards getting involved in the farming operation. The daughter in case 1 had very good career prospects as a chartered accountant with international work experience. She realised however that a corporate career was no longer fulfilling and decided to challenge herself with being in charge of the operation's finances. She and her siblings have been happy to embrace the farm lifestyle, where the cost of living for them was fairly low living on the farm. From the social aspect, they regularly visit their friends in Johannesburg or host them at the farm.

Case 1: successful succession

*"I think the biggest realisation was that corporate life was not for me. I could do it but then I realised I did not want to. So it was easy to come back. I love the lifestyle here." -
Daughter*

The fundamental driver for the children involved in Case 2, was to develop a level of understanding about the farm operation earlier on in their lives.

Case 2: Moderately successful succession

"Well my father set up a trust, just a vehicle to hold all these assets .The most important thing is to get involved, and understand what is actually happening so that when he's no longer here there is someone who understands the operations, so as to run a sustainable business." – Son (35)

The children in case 3 wilfully embraced the opportunity of being directors in the family business. The daughter in London used her skills as a banker to harness growth in their maize trading. It was unclear in case 4 what motivated the young son to get involved on the farm.

Case 3: Moderately successful succession

"My dad has been amazing that as we turned 21, we would join the board where we sit as directors. He has really tried to include us as much as he can, to teach us about the business, so that we are fairly knowledgeable about the high level aspects of the business." – Daughter

It seems that the children in case 1 were driven by their desire to lead fulfilling lives, which they could obtain from pursuing a career on the farm. The motives for involvement from the children in case 2 were driven by the inherent need to play a role in preserving their

future inheritance. They understood the need to play a role, even though they were not involved on a full time basis. With case 3, the children found that being directors of the business was a valuable opportunity to give them a sense of ownership and responsibility which may be beneficial when they are ready to get involved in the long run. In case 4, the 14 year old son who had shown some interest was still too young to understand what his long term objectives on the farm would be. He would have to think about what he is willing to do to have a level of involvement in the meanwhile.

Some of the families had some key success factors that enabled them to have a smooth transition process to take place. There are challenges and barriers that exist, which have prevented other families to have a smooth succession process.

The family in case 1 emphasised that it was more about the simple things that have enabled them to work cohesively together. The most important thing that was highlighted by all the family members was good communication. They believed it was important to converse well with each other, to understand all of their perspectives around how to run the business efficiently. They hold regular weekly meetings where they get together to discuss how each of their operations are doing. The father emphasised the need for these meetings to be professional, where each member of the family had a turn to chair the meeting, with the structure of an agenda and minutes taken.

Having a degree of separation in terms of working and living arrangements also played an important role, it gave the children and parents autonomy to make their own decisions and space to live their own lives, even though they all live on the same property. The daughter had her own cottage whilst the older son shared a separate home with his wife. To avoid sibling rivalry, the family maintained the notion of keeping one bank account for all the operations, as it was a seasonal business. The value of the assets and how they were

divided, were kept in a Trust and shared according to each of the stakeholder's contribution to the business.

The respect for farmworkers was an important aspect that all stakeholders emphasised. They believed in having a full understanding of the Basotho culture, as respect for the elders is emphasised in the culture. The family spoke fluent Sesotho with the farmworkers, which showed their need to respect and embrace the culture of the farmworkers as an English-speaking family.

Case 1: Successful succession

"One thing we are proud about is that the relationship between themselves has been particularly great, which is something that we'd like to keep going. It has been one respect and consideration amongst each other." - Mother

"One thing that I learnt from my father is to maintain a very good relationship with the workers. I treat them with respect which I feel is important. You get more out of it when you apply a level of respect than when you do it the other way." - Son (28)

"I think that we are fortunate enough to have our own separate enterprises on the farm that we manage to help each other rather than fight about things." - Son (25)

"Communication is a big thing. We don't all have the same opinion about aspects of farming, but we have an undertaking amongst each of us to talk about anything we find unacceptable. So communication is key." - Father

Despite the fact that the family in case 2 achieved a phenomenal amount of success of being profitable over a short space of time, they have a few challenges to overcome in terms of uncertainty around their long term plans for the farm. They are currently relying on

the expertise of management staff to make it work. In terms of sustainability, they have managed to incorporate an empowerment scheme, where the employees have 22% ownership of the enterprise, giving them vested interest to make the business work.

The challenges exist around some of the factors that may hinder the children from getting fully involved. The first challenge for the elder daughter was that she still felt the need to have a sense of accomplishment in her career at Investec, even though she has the willingness to move to the farm someday. The younger daughter expressed that she did not have a level of interest to get involved, as none of her career endeavours could contribute towards, the operation's goals. She did however, state that she would be willing to support her sister at any point should she take over her father's responsibilities someday.

Case 2: Moderately successful succession

"I am hopeful that they are beginning to see value in what I'm doing and I'm not forcing them to do to what I want them to do, I hope they acknowledge that. At least I'm winning with the older ones, but younger ones are still trying to find themselves first." – Father

"I don't think I could ever get involved, because nothing I do is going to help the farm. I understand that there's a lot to gain, but I don't know if I'll be able to make the transition of going to live on the farm." - Youngest daughter (21)

"Well there'll be an element of having to let go and not pursue my career at Investec as I wanted to, if I do this full time." – Elder daughter (25)

"You see my sisters are still young and need to establish themselves within their careers, so I would not want to drag them into this whole thing as yet. – Son (35)

The family in case 3 have a similar predicament as in case 2. The big issue is that the family would really like to continue with their legacy that has existed for more than 100 years. The fundamental problem is that children do not feel a level of readiness to go back to working on the farm. Since it is a big operation, it has been able to hire a sound management team. The family does realise that one of the children would have to somehow step in the future to take over from the father. In this family's case the value of other career choices will have a significant influence on the younger generation's willingness to participate in the farming operation.

Case 3: Moderately successful succession

"I feel I really got this amazing business that I could run any day, but I really can't right now. Maybe one day we will decide to farm if we find a really exciting prospect." – Daughter (30)

"Well I think my family would like to very much carry on farming, we would probably be cellphone farmers to be practical, it's an amazing asset and legacy. We would love to do it with the right partner."- Daughter (30)

The family in case 4 seemed to have many barriers that would prevent the children from transitioning and possibly having the business survive over a long period of time. The first reason is that the father is currently working by himself on the farm without a management team. None of the children have been integrated into knowing about the financial and operational aspects of the farm. The son who has expressed a level of interest is still young and would not be able to contribute towards the decision making. He also has other aspirations of being a civil engineer. The older ones are just not interested in the farming operation. The older son highlighted that the father never gave them a chance to feel a sense of ownership of all his businesses. The father feared that the most sustainable solution for the farm would be for them sell it, should he no longer be around.

Case 4: Unclear succession

“Well my children just come and visit, I don’t think they will ever come to stay here. They say they don’t know anything; I had to learn everything from scratch. They are just not interested.” – Father

“The other day we were sitting and talking about who would come here to look after this after my death. They said they were comfortable to look after the other businesses, but farming, they are scared to come here.” – Father

“I’d feel really good about going to agricultural college, but I still want to do civil engineering. Civil engineering is my first priority.” – Son (14)

“Farming does not fit into my personality, I love to travel. I love the city life, so I don’t think I would be able to do all of that in Senekal. Someone would have to hit me with a brick on the head to change my mind but for some reason.” - Older son (29)

Growing up, I felt that my father was very protective of us and his businesses, so growing up it kind of made me feel that those businesses are his and not the families. That’s why I’m here and not there. I have actually made peace with it. Actually that’s what I want. I don’t want to be part of it. I’m comfortable with what I’m doing.” -Older son (29)

The merit for case 1’s successful transition process was their ability to highlight the key factors that will contribute towards the family working harmoniously together.

Communication was emphasised upon, as the most important component. They found value in having a degree of separation in their roles on the farm. The parents gave them a sense of ownership by allowing them to manage their own enterprises. The challenge around case 2 having a successful transition process was that the children, who showed the interest felt the need to accomplish certain goals within their current careers, therefore could not make a decision to get fully involved. The eldest son also felt strongly about the

importance for his younger siblings to establish themselves within other career avenues before they made a decision to get involved in the family business. The barriers around case 3 having a successful transition were that the children felt compelled to explore other career options first before they got involved. They were already looking at how they could do it on a part time basis to be practical, as it would allow them to the degree of flexibility they need. case 4 was particularly challenged around ever having a chance for a succession to occur. The fact that the older children were already looked at selling as an option in the long run meant that the father would have to work very hard to at least have buy-in from the younger son to get involved. It was interesting to see the importance of giving the children a sense of ownership, as the lack of it in case 4 made the older son hesitant to get involved.

The issues around succession are unique to each of the families' dynamics and are tackled differently.

Evidently each family has handled succession differently in order to adapt to situations that are unique to their family dynamics. They all had a mutual agreement that it is a process that should be planned for well in advance. None of them had it written down on paper. They all had estate planning issues documented, but not who the plausible successor(s) would be. For the family in case 1, succession was a current topic for them at the time of the interview as the younger brother was planning to join the operation on a full time basis. They understood that the business has to grow, therefore were planning to go away in a month's time to discuss all the pertinent issues.

Case 1: Successful succession

“One thing for sure is that it’s not something that you can do overnight. The parameters around how long it should take I think, should be between a periods of ten years. I think that plans should be in place.” – Father

“We’ve been looking at it for some time and had a plan in action, I’m not sure if it’s on pen and paper. It should not be a rigid process; there should be some structure which allows for some change.” – Mother

“We are going to have to grow the operation so that somehow we have enough to share. In a month’s time we are going away for a few days to chat about this. The idea of getting away is to not have any influences of the farm and being distracted. We want to just focus on what the future holds, whether we can expand in the area.” - Older son (28)

We would like to phase this over a period of five years where I hand over my responsibility. We will probably to stay on and make some sort of contribution and fit in where we have a position to, probably on an advisory role.” – Father

Case 2: Moderately successful succession

“As much as there are workers on the farm, it is important for us to have a presence. You have to be part of it somehow and be able to overlook things.” – Daughter (29)

We do not really speak about it formerly we talk within and share on how this is to go on. I think there should be more emphasis on having a trust.” - Father

Case 3: Moderately successful succession

“We always have big discussions about that, almost twice a week over the phone, it’s very top of mind because it’s a big business. My brother has felt a lot of pressure to go back to

the farm, but I don't think he wants to. He is keen to explore other career lines that will enable him to understand how the farm operates but not to come back to it." – Daughter

"We discuss issues around succession on a high level yes, but not in the detail that is expected." – Son

One of the problems with case 4 not being able to have a clear succession is because they do not speak about it in detail amongst each other. Although the father has the fear that the children will decide to sell the farm should he pass on, he could engage with them about his desired alternatives from selling.

Case 4: Unclear succession

"I certainly think that succession planning differs from person to person. It is not a problem that exists within black families only; it's also in white families. It's not always easy to say your child must follow into your foot steps." – Father

"I told them that one day when I die I hope to be buried here, and they told me that I can't be buried here as they might want to sell the farm. I advised them not to sell the farm because their kids might probably like it. My recommendations were they should rather lease it out, get money monthly or yearly for them to sustain it. They should not sell it. I really don't want them to sell it; in fact they won't sell it. I would honestly feel bad. I mean I have invested all the money I have to grow the farm" – Father

"We do not really talk about succession, we might talk in general but we don't talk in detail of what the plans would be." – Son (29).

Evidently, each family has adopted unique strategies to tackle the issues of succession. All of them can concur with having regular communication about it. The issue of succession was a prevalent issue for case 1 as they had to make decisions around what their long

term plans were. Case 2 found it more valuable to have a Trust as it put all the estate planning issues into perspective. A Trust does not however, outline the pertinent issues of ownership and leadership in the long run. The children in case 3 regularly discussed amongst themselves the issues of success. It was obviously a challenge they would have to overcome in the long run. In case 4, the issue of succession is an emotional one where the expectations from the children differ from that of the father. The father would really like to see the legacy of the farm being under the family name go on, the only problem is the children are already considering the option of selling.

There is value in having outside advice to give an opinion on the succession process.

All the families interviewed with the exception of case 1, did not see the need to involve outsiders in planning for the succession process. They felt that it was something that only the stakeholders involved could decide upon. The family in case 1 thought it was beneficial to have an outsider's perspective in the whole process, as they could look at situation objectively and take into consideration the needs of both generations involved.

Case 1: Successful succession

"We have a meeting scheduled next month, with a guy called John von Helm who has always been very familiar with the farm operations, the ownership and structure. The main objective is to address everyone's expectations and objectives to see how they can best be accommodated. We want him there because he knows the family well but can look at the situation objectively." – Father

Case 2: Moderately successful succession

"We don't really have outsiders helping us, because I feel succession plan should come from you, you need to nurture it, you must give your role players a chance to see value

and allow them to see whether it will be beneficial for them, because if you force them to come in here surely they'll reject it because they are not ready and so forth.” – Father

The families in case 3 and case 4 had the same opinion as the family in case 2. They made use of outside advice for the purpose of estate planning only. Pertinent issues around ownership by the next generation had to be discussed amongst the stakeholders. The families would have to consider identifying some outside advisories who could be of help when the time came to implement the process.

Government policies have an influence in the parent’s opinion towards the long term sustainability of the family business.

The role that government has in terms of policies and talks around nationalisation has played a significant role in impacting the sustainability of the sector as a whole. For the parent’s in the white owned operations, the issues of land ownership served as a threat towards the long term sustainability of their operations. The black farmers felt that government has presented a lot of opportunities for them, which would not have existed without those policies being in place.

Case 1: Successful succession

“One is unsure of what the political situation may hold. There are people talking of nationalization and land grabs. Zimbabwe was a real example of what can happen if matters are not handled appropriately, so I think it’s important to retain the confidence of the rolepalyers about the future.”- Father

We are hoping to incorporate our employees in some sort of BEE deal which is now on the table for discussion. So we really feel strong that we would rather be empowering our own

people than empowering some political outsiders that are not involved in our business” -

Father

Case 2: Moderately successful succession

“I mean the government really needs more commercial farmers; I’m one of the few successful black commercial farmers that they have managed to help in the country.” -

Father

Case 3: Moderately successful succession

“It was brought to my attention the other day that every agricultural sector in the country, with the exception of chicken farming has declined considerably in the past 26 years. You know one may ask the reason why, one of the contributors I can think of, clearly is political uncertainty about land ownership going forwards.” – Father

Case 4: unclear succession

“The government has helped me a lot , when we started here we were a group of 12 farmers and government bought us a set of implements , they bought us all the things we needed to operate, then four years ago they started buying us inputs . Here and there they have given us cattle to rear.” – Father

The white farmers felt that they needed to consider other strategies for sustainability in order to adapt to the current situation. It was that of formulating BEE schemes around their business model. From the evidence it is clear that there are some mixed feelings around whether government’s role in the sector is beneficial or detrimental towards the sustainability of their enterprises.

In the children's opinion, government does have an influence towards the long-term sustainability of the business, but is manageable.

The children in all cases have a pragmatic view of government's influence. The white children understand the threats that exist, but are still willing to work under the pressures and be adaptive. They feel that all the political uncertainty is causing the sector much needed investment. The black children had a view that the policies that were implemented have brought many opportunities to black farmers. They are however, flawed and have potential to have a negative impact on their own operations in the long run.

Case 1: successful succession

"The political situation with the land redistribution is a contentious point. I think there are a lot of factors facing the agriculture industry. Its going to be very interesting what will unfold in the future. – Eldest son (28)

If say a farm attack was to happen then I would not risk the lives of my family to continue doing this, I would have to lose the legacy that I'm trying to build for the safety of my family." – Eldest son (28)

"Everything is all subtle, like this new land tenure act, protection laws. These acts have given farm-workers significant rights at the expense of farm owners so in a way it's nationalising the land without really nationalising it." – Daughter (31)

"I feel that government policies are impeding the agricultural sector. You will find that there will be less interest upon farmers in investing in infrastructure surrounding the uncertainty of the current programmes that are being pushed forward by government." – Younger son (25)

Case 2: moderately successful succession

“Farming is a very important piece of the puzzle for our economy. So I dare say that any government that does not take care of its farmers is signing a recipe for disaster. – Son 35

Unfortunately what drives politics is not the same as what drives business. Politicians are more statistically orientated whereby they look at things like 30% of land should be in the hands of black people. I think like any industry there needs to be balanced systems in place. - Son (35)

I think the government was overly ambitious with their policies, even though it has created a lot of opportunities for black people, but unfortunately the opportunities have been created with a short – term view, as when you look at farming it requires a lot of capital. You don’t just wake up one day and decide that you are going to be farmer.” – Son (35)

Case 3: moderately successful succession

“The politics in the country its a big concern for us, we do believe in more black ownership, we really do, but we are concerned that the ANCYL will one day walk on our farm and say thank you very much it’s ours. I think people like Julius Malema are putting the fear of God in farmers. It’s my parent’s sole income and asset.” – Daughter (30)

“There’s a lot of pessimism around white farmers who feel the best option is to leave, but I have a different attitude towards it. The political issues and the news you read in the newspaper. I just think that the newspapers just make things seem to be worse than they are. I just feel that we need to just get on with it.” – Son (25)

“The government needs to acknowledge that LRAD has not worked. I agree with it as part of our development as a democracy, but I think they could change their approach in terms of how they doing it.” – Son (25)

In the children's opinion, the political situation poses a lot of threats but they acknowledge that they have to be proactive about dealing with them, as the politics will have a bigger influence on them than on their parents. Surprisingly the black children do not see the opportunities that government created for black farmers to be beneficial in the long run.

In short the interviews suggest:

- It is important to incorporate the children in the family business as early as possible. That must be governed with giving them a sense of ownership to give them some vested interest.
- It is not only the hard issues but the soft issues such as respect, communication and harnessing cohesiveness that will enable a smooth transition process to occur.
- Oftentimes the need for the children to feel a sense of accomplishments in other career avenues can serve as a hindrance, towards them transitioning into the family business.
- It is imperative for families talk about succession and plan for it in advance. The process may not be documented. The most important issue is to have a degree of flexibility around it.
- In the view of the parents, government's current role in their policies may have created opportunities for black farmers. They have in the process created threats for white farmers in terms of the long term sustainability of their operations.
- The white children have a more objective opinion, whereby they feel that even if government may have posed credible threats to their operations, they are willing to adapt and continue farming.
- The black farmer's children have a view that the opportunities created by government are short term and may have negative implications for their own operations in the long term.

5.4. Future Orientation for the stakeholders

Despite the political instability, all the stakeholders are relatively optimistic about moving their agribusinesses forward into the future. The white farmers do however; see the need to make some structural adjustments around the ownership aspects of their enterprises. Going forwards there will be a need to have more collaborative efforts between white and black farmers, to redress the past historical dispositions of land ownership. All the farmers felt that this ought to be done in a way that does not send the sector backwards, but is done in a manner that promotes the economic development for agriculture.

The parent's have a relatively unique perspective of what the future may hold for their family owned businesses.

In the case of family 1, the parents felt that the children are going to be facing more responsibilities and challenges that are more complex than when they started out on the farm. They feel that the issues around land ownership are going to have an impact, but the younger generation should have a level of resilience and keep on working together to overcome them. The father in case 3 felt strongly that the lack of collaboration between black and white farmers was impeding the sector from progressing. In the future government ought to be more open to leveraging on the expertise of white farmers; otherwise the brain- drain of skilled farmers to Zambia and the DRC will continue to grow.

Case 1: Successful succession

"The responsibilities and challenges for our children are going to be different, more than what we had to face, we just need to keep going. They have to deal with the current challenges of labour and land redistribution, which is going to keep them busy." – Father

"I think they will be able to move things forwards pretty well, as long as they communicate well together." – Mother

Case 2: Moderately successful succession

You cannot work in isolation in this industry, you have to play a part as a member, a neighbour, and obey neighbourhood rules. You need to be part in parcel of the programs that are available where you are farming, then you will gain acceptance and they will start sharing and helping. – Father

Case 3: Moderately successful succession

“We need to be expanding agriculture and not closing it down is that the much needed jobs in the country can be created. We have to do it we’ve got to get the basic principles such as training, mentorship, management contracts. – Father

Unfortunately we have to learn from all these failures to get it right. It’s difficult for people to learn from the failures of other countries.” - Father

Zambia’s agricultural sectors are competing heavily with South Africa and guess who’s running it? It’s the white farmers from Zimbabwe and here; it’s bloody crazy! – Father

From the interviews it was evident that the white parent’s biggest concern was around the political instability. They would like to see the issues settle without compromising the sustainability of their farms. The black father in case 2’s main goal was to ensure that he has a sense of solidarity and acceptance from the established farmers in his region, so that he could get support from them as a new farmer from a knowledge and social perspective.

The younger generation has a different view from the incumbents of what the future may hold for their family owned businesses.

The children in the white-owned farms expressed their contention about the political, circumstances, but they were willing to embrace the opportunities of collaborating with black farmers through empowerment deals or as investors, as they feel the need to see more land in black people's hands. The children of the black farmers were looking at prospects of being more involved and were not very positive around the whole notion of nationalizing the land. When the researcher asked the 14 year old in case 4 if he were to get a scholarship to go and study at the best agricultural school overseas, would he take the opportunity, considering that he also had aspirations to be an engineer. His reply was that he would take the opportunity and then study civil engineering afterwards. His statement showed that the father would need to start considering how best he could enable the son to have an interest around farming in order to preserve his legacy.

Case 1: Successful succession

"If the political situation gets too unstable then we would have to consider other alternatives. The idea would be to farm somewhere else". - Son (28)

"You can't be set in your ways that were relevant 50 years ago. Empowerment deals, I think are fantastic. I'd love to be given a sense of accomplishment to know that I uplifted them in some way." – Son (28)

"My first objective as a farmer and planning for the future is to be sustainable. I feel that being sustainable not only helps to keep yourself alive or your farm running, but it entails keeping the farm land for future generations and giving them all, if not more opportunities than what we have managed to receive." – Youngest Son (25)

Case 2: Moderately successful succession

“I would like to see myself get involved in the slightly upper stream side of farming as I see that farming is a great contributor to the GDP. I would like to get involved in the beneficiation part, particularly on the value adds side”. - Son (35)

“The government has truly made mistakes in the whole land redistribution process and will continue to do so in the future. Should they nationalise they will then realise 5 years later that it was maybe not such a good idea.” – Son (35)

Case 3: Moderately successful succession

“We are kind of looking at how we can get involved in influencing black wealthy businessmen to get involved so that it’s seen as a partnership and not stigmatized, then I think agriculture might take off again.” - Daughter (30)

I’d like to see white farmers and black going to farmers unions together, not where you have them segregated like where I come from. I’d like to also see rural development happening again. Our town is really a disaster.” - Daughter

Case 4: Unclear succession

“I think when I’m about sixteen or seventeen, there I will be ready and willing to go onto the farm and I would be happy with that. - Son (14)

The interviews highlighted that all the children in the families had relatively positive prospects and would like to see themselves more involved in the future. The children in case 3, felt really passionate about driving collaborative efforts for black and white farmers to farm together, using the government opportunities to create a more diverse and racially

representative sector in terms of land ownership . They felt strongly that the current possibility of nationalizing land might be to the detriment of the sector. The son in case 1 thought the situation would encourage them to consider farming in another country.

There are some key considerations from the established commercial farmers that emergent farmers can learn from.

With the government putting plans to empower more emerging black framers, there are lessons that they could learn from the experiences of these families. All of them emphasised that farming needs people who can be hands-on from the onset and have a long term interests in it. It is a highly capital intensive operation, that requires a high amount of skill to thrive in. They also gave advice on how to incorporate they younger generation into it, that the sooner they could get involved, the more likely they will develop a level of interest.

Advice from stakeholders

Case 1 – white farming family

“One thing I would say is it’s not a short term thing. There are many variables involved in agriculture that cannot be grasped overnight. It takes a long time to appreciate and understand farming.” – Father

I think it’s absolutely imperative for the role-players to be very passionate about what they doing. If they only doing it merely as an occupation and not without any passion I don’t think they will succeed easily.

In terms of succession, you would have to have a younger generation WANTING to come in. There must be a desire from the other side to want to come in. – Son (28)

“I think farming as a viable business requires some certain level of skill. Currently this skill is underestimated. If you look at emerging farmers that are given a piece of land, they are not given the level of skills support to do it, as a result, they fail.” – Daughter

“Well I think the first thing you have to identify is if they are looking at it from a family point of view. You then have to identify if they have children to take it over, the worst case scenario is trying to force some level of interest that is not there. – Son (25)

Case 2 – Black farming family

*“I know a couple of these emergent farmers and for them it’s a status issue. They just want to go there as a lifestyle thing and are not really interested to farm. All they just want say to people is they have a farm which they go to over the weekend and own hundred cows.”-
Son (35)*

“I think farming is a capital intensive operation, it needs people who are serious about farming who are not casual, or not people who take farming as a weekend activity, coming from Johannesburg to do all of that. The majority of failures have been because of people do not overlook their operations.” – Father

“I strongly believe that nothing beats experience, so my advice would be for them to get as involved as possible; to understand how things operate as farming is a very difficult job, not for the faint hearted.” – Father

“So in order to get the right succession planning going you need to get the successors involved in the planning, execution and daily decision making.” – Father

Case 3 – White farming family

“We would like to see some openness to the idea of, black wealthy businesspeople buying the farms. We would like to share our knowledge with them by teaching young up- and-coming black farmers to farm and set it up for a period of five years, so they know how to run it in a profitable manner”. – Daughter

Case 4 – Black farming family

“My advice for them is that if they can start farming with their kids .If government gives them a farm then they must take one of the kids who are interested and start working with them. The ones who are interested will see the importance of it.” - Father

From the above evidence emergent farmers need to consider having a great level of commitment in order to make their farms successful. They must conceptualise strategies around succession, by analysing which of their children would have the willingness to get participate in farming and to get them involved as early on as possible.

In terms of the future of the stakeholders the interviews suggest:

- In the parents’ opinions, the policies around land ownership have created opportunities for the black farmers, but have created credible threats o the long term sustainability of white owned farms.
- In the future, white farmers will have to consider strategies around collaborating with black farmers from a knowledge exchange perspective and will have to consider empowerment deals.
- The black farmers would like to work towards a sense of solidarity and acceptance from the white established farmers in the future.

- With the number of black emergent set to increase in the future, the interviewees had thought that the emergent farmers ought to put the following factors into consideration:
 - The farming is a labour intensive career that needs to be done on a full time basis as it requires a high amount of skill that is currently underestimated.
 - It is important for them to identify if the younger generation want to get involved. If they, do then it would best to start farming with them from a young age, so they can appreciate the value of it early on.
 - In order to get succession planning going, they must have the younger children involved in the planning, decision making and execution of ideas.

5.4 Conclusion

This chapter presented the results obtained from the interviews carried out with the families on four family-owned farms in the Free State.

From the interviews the results showed that there are significant differences in terms succession planning and in the long-term prospects of sustainability for each family. It was identified that those family that had more of their prospective successors participating in the family businesses, had a successful transition process.

These processes were driven by the influences of their cultural legacy, where they are in their life stages and what their prospects are for the future.

Some of the families experienced some barriers that were unique to their family dynamics and some shared commonality in patterns. The need to assess these dynamics was driven by the initial research propositions: Firstly that succession is a key contributor towards the long-term sustainability of family owned agribusiness; and secondly that South African family-owned agribusinesses experience unique opportunities and challenges which shape the prospects of their long term sustainability differently.

In the following chapter the third proposition, that the conceptual model of succession is somehow generic and does not consider other dynamics which may affect the satisfaction of the stakeholders involved with succession, will be compared to what literature says as well as to the findings. An analysis will also be done to identify linkages between literature and the research findings.

Chapter 6

Discussion of Results

6.1 Introduction

This chapter reflects on the main findings of the research and aims to create linkages between the literature that had been reviewed and the research results. The foundation of creating these linkages is based on the research propositions. The main findings from the previous chapter have been tabulated to facilitate an overall cross -case analysis that will be included the discussion in relation to the propositions. The propositions will form the headings of each sub-section. Other key insights pertaining to the research gaps that were obtained through the findings will be discussed in this chapter.

Table: 7 Comparative analysis of the four farming families

| Key insights from analysing results | Case 1: Successful Succession White family | Case 2: Moderately Successful Succession Black family | Case 3: Moderately Successful Succession White Family | Case 4: Unclear Succession Black Family |
|--|---|--|---|--|
| The past, paradigm shifts and cultural orientations which have an influence on the succession process | The culture of passing the baton from one generation to another stems back as far as the children's great-grandfather. They were encouraged to travel and experience other career options, beforehand, which increased their willingness to get involved. | The father had always aspired to own a farm as part of his retirement plan. The children never had strong view of farming as a viable business option. They encountered some positive paradigm shifts as soon as they got involved and saw the benefits to farm. | Although the family had a rich legacy of the owning the farm for more than 100 years, succession was still unclear amongst the children. Unlike with the father, it was obvious that he would be the logical successor, although by choice. | The father, a businessman, bought the farm as part of his diversification strategy. The older children had a negative perception around about farm life. The younger son had childhood experiences on the farm which may have sparked an interest to get involved later. |
| Parents' strategies around influencing a positive succession process & Challenges and key enablers around | All the children made their own decisions to get involved, as they preferred to have a farm lifestyle. The key enablers for their success was having | The farm became highly profitable within a short period. The father encouraged the older children to get involved earlier on as he was building a | The father made all the children directors of the holding company when they turned 21. This enabled them to have a decision making | The father did not do anything to engage the children around the farming operation. He made the assumption that the younger son will want |



| | | | | |
|---|---|--|---|---|
| succession | good constant communication, a degree of separation in their roles, respect for each other and their staff. | legacy for them. The challenge was with the younger children, who did not want to play a role as they wanted to explore their lives on their own first. | role and understand the operation from an early stage. The challenge was around the children wanting to explore other career options before transitioning. | to get involved someday, even though he has aspirations to become an engineer. He was thinking about how he could get him involved from an early stage. |
| Unique strategies for each family in handling the succession process and the value of outside advice | The family believed in planning for succession 5-10 years earlier on that was flexible and not rigid. They found it useful to involve outside advisors who could provide an objective point of view. | The father believed that having a Trust was more important than having the succession plan written down. It should be something that involved stakeholders only. | The father believed in putting strong outside management strategies in place. The children discuss amongst themselves on a regular basis how best to carry the business forwards. | The father hoped that the younger son would take over, but he still had the fear that they may sell the farm one day, when he was no longer around, because of their unwillingness to carry on with it. |
| The role and impact of government on the long term sustainability of the enterprises | Current policies around land ownership and talks of nationalisation are posing credible threats towards sustainability in the long term and are impeding the agricultural sector. The family is looking at formulating BEE Schemes for their employees. | The father feels that government has created a lot of opportunities for black farmers that would have not existed without the policies. The children think that some of government's policies are over-ambitious and will only create short-term benefits. | The father's view was government is creating political uncertainty that is causing the sector the much needed investment. The children also feel the need to continue farming despite the challenges, but government must change how they want to implement policies. | Government has assisted the family towards key inputs for growth and sustainability, but has not helped them towards formulating plans for sustainability in terms of how families can plan for succession. |
| The future outlook in terms of the perpetuity of each family owned agribusiness | The family's objective is to keep to the farming operation going, but feel that if the political instability persists they might have to consider farming elsewhere. | The children would like to get involved in the value adding part of the farming value chain and feel that through good leadership the right policies will be put in place in future. | The family advocates for collaboration between black emerging farmers working together with skilled white farmers on a management basis as a long term sustainability plan. | The son would like to get more involved when he is 16 or 17. The father's only hope is that the children do not sell the farm in the future, but rather consider leasing it out whilst they own it. |
| Lessons that can be imparted to emergent farmers | Farming takes a long time to understand and appreciate. The | Farming is capital intensive and requires full time commitment | The family would like to see more openness to the idea of wealthy | They also believe that farming ought to be taken seriously as |

| | | | | |
|--|--|---|--|---|
| | skill required for it to be successful is currently underestimated. The younger generation should have the inherent desire of wanting to get involved. | to make it work. Majority of failures occur as people do not overlook their operations. To get succession planning right, the successors must be involved in the planning, execution and daily decision making. | black people buying farms , working together with skilled white farmers on 5 year management contract where they skill up young upcoming famers until the operation is sustainable and profitable. | there are many willing farmers who would work well if given the opportunity to own land. They ought to start farming early on, upon acquiring the farm with the children that are interested so they can see the value of it at an early stage. |
|--|--|---|--|---|

6.2. Proposition 1 Discussion:

Succession planning is a critical element in determining the long term sustainability of family -owned agribusinesses.

Venter et al., (2005) suggested that the failure rates experienced by family businesses seemed to be considerably higher than in normal enterprises: less than 30% survive to the second generation and only 14% survive beyond the third generation. In the cases interviewed, two of the white owned family businesses survived through their third generation and were going towards their fourth.

This can be supported by the fact that farmers are nearly five times more likely to have followed in their father's footsteps than non-farm business owners. The longer the farm has been operated by the same family, the higher the probability of it being transferred to the next generation (Glauben et al., 2009).

The process of implementing a succession plan is imperative to providing the family business with identity, stability and continuity (Harveston et al. 1997). This was evident in the two black owned families' operations which were currently led by the first generation.

Both had the intention to build a legacy for their children. There were key considerations

on how to get the children involved. They had to get them involved from an early stage to see the value of the business.

According to literature, there are some cases in which successors in family businesses exert a level of interest and readiness to take over ownership of the enterprise. The necessary conditions are that the successor should have the inherent desire from a young age to take over the businesses. They must feel happy and proud to be part of the family business, find opportunities in the family business more challenging than anywhere else and see the monetary value of working in the business. (Venter et al., 2005).

It was evident with the family in case 1, that this theory holds truth. All the children could easily assume a role from a young age because they had already explored other career options, as in the case of the daughter, who worked as a chartered accountant in London and New York. They found working on the farm equally challenging, as each of them was responsible for the success of their own operations by leading other people to run them successfully.

The monetary value of working in the business was not a key priority for them in the short term. They put more emphasis on wanting to have the benefit of enjoying a farm lifestyle. They did, however, see the need to be involved so they could expand the value of their future inheritance.

Churchill and Hatten (1987) implied that family operated and owned businesses where the next generation is being educated to take up professions different to the family business do not qualify as family businesses. In the case of family 3, the children were encouraged to take up other professions, but they still had a role to play as directors of the operations' holding company. One could argue that this qualified the business to be a family business, notwithstanding the implications of Churchill and Hatten (1987).

Glauben, et al., (2009) argued that education also plays an important role in influencing the succession process in family owned agribusinesses. They found that specialized education in agriculture does not have a statistically significant effect on the likelihood of succession by the younger generation.

This is true, as all the children interviewed with from the families except the youngest son in case 1 did not have an educational background that is directly linked to agriculture. They all contributed their knowledge from existing or previous careers to add value in the running of the operations.

Another statement that Glauben *et al.* (2009) made was that having non-agricultural education does have an influence, as it increases the options that the future successor may have to generate off-farm income. Farms that are large and specialised tend to generate more farm income thus, increasing the likelihood of transitioning within the family, because the children view the farm as having the potential to secure income for them in the future

The findings from case 3 create a bit of a paradox around this statement. The primary challenge why the children could not transition into the farm completely was that they still wanted explore other career options, and thus generate off-farm income. This family had the largest and most specialised operation of all four families, but the children still did not see it as a vehicle for them to earn an income by being more engaged in the operation. They were still considering whether they should enter it in the future.

Hersch (2005) suggested that there is a degree of sensitivity around the issue of succession by parent-owners, who often have difficulty in facing the fundamental issues such as when to disengage in the controlling of the business; how to divide the assets among competing siblings and how to choose the right successor among family members.

The findings from case 1 are somewhat contradictory to this statement. The parents maintained that when each of the children showed a level of interest in getting involved, they would devise a strategy on how each of them could be in charge of their own enterprises and that the income generated would be managed through one joint bank account.

Hersch (2005) seemed to argue that choosing the successor is always the decision of the incumbent. It seems however, who the successor would be depended on which of the children were interested in getting involved and where they were in their life stages.

In case 2 for example, the most likely successor would be the older daughter rather than the son. She had far less family responsibility than the son.

In case 1 there was evidence of more than one successor, so the parents would not have to consider handing over the leadership role to one of the children while the others assume taking over their responsibilities. The overall argument is that the decision making power of who the successor would be in the context of these farming families was in the hands of the children, based on their willingness to take over, and not in the hands of the father.

The key challenges that were faced by the family in Case 4, with less likelihood of a successful transition process, were corroborated by Venter et al., (2005) who believed in the importance of support in terms of mentoring and skills development from the older generation as well as the relationship between incumbent and the successor.

The findings indicate that one of the key barriers faced by case 4 was that the father was not making an effort to mentor the 14 year old son who had shown a level of interest. He would have to communicate with the son on a regular basis to assess his willingness to get involved later and consider the option of giving him responsibilities over the school holidays to work on the farm and earn additional income.

He would also have to consider giving the son the option to study agriculture as a second option to engineering, and to get other young people who are in the field to mentor him. The importance of the relationship between the successor and incumbent is pertinent as the father in case 4 had some irreconcilable differences with the older son that ultimately led him to not want to get involved in any of the family businesses. He felt that growing up the father did not want to give them a sense of ownership towards his enterprises they were involved in.

Demers (2005) commented on a wealth survey that was conducted in Phoenix in the United States. It assessed 1 514 small business owners with a net worth exceeding \$1 million. 63% of the respondents had no business succession plan. Another 50% did not have an exit strategy or continuation plan. Only 48 % of those planning to exit within five years had a succession plan. These results showed that planning for succession is often given a low priority.

The results from the interviews in this research paper showed that the families did give succession high consideration, but did not see the need to have it documented, as it ought to be a process that allows for a degree of flexibility. Constant communication regarding the process was the key priority.

6.3. Proposition 2 Discussion:

South African family owned agribusinesses experience unique opportunities and challenges which shape the prospects of their long-term sustainability a unique manner. Racial differences are significant factors that play a role in creating a unique context for family owned agribusinesses in South Africa.

Most of the literature that was reviewed on factors like succession planning that would affect the longevity of an agribusiness comes from abroad. It lacks the dimension of how the politics in the country have a big role to play, and it doesn't consider how context for farming families differs between the black and white racial groups.

Maas (2010), believed that generational gap problems existed within South African family business. The differences were caused by the contradictory views of economic opportunities between generations, which create barriers to the transition process.

To uphold Maas' view, the father in case 3 is highly educated and would have probably succeeded in any career avenue. He chose to become a farmer, as farming in the 1960s was a highly profitable business to be in and there were a lot of opportunities available for him to grow and expand the operation.

His children, however, acknowledged that farming was currently no longer as profitable as it used to be and they felt the need to explore other career benefits that will give them social and economic benefits.

The pervasive political situation also gave them mixed feelings around whether they should invest their career prospects in an industry that could be highly challenged in the future.

Farming tends to have certain stigmas attached to it in South Africa. These perceptions may stem from the cultural background of individuals in the context of farming. The aim of this study was to investigate how these stigmas may affect the outlook of the young generation within farming families and assess if they will have an impact on succession.

From the findings it was shown that the white children, who had experienced a childhood on the farm, had a positive perception about it, as their parents were good role models in terms of their leadership abilities and having respect for their workers.

In the case of family 4, the young son also had a positive perception of farming life as he had grown up on the farm. His older brother had a negative perception about farming life, due to his own opinion that it did not fit into his lifestyle and aspirations.

In the case of the children in case 2, they always held fairly negative assumptions about farming. One of the children initially thought that the father was going backwards when he decided to leave being a formal businessman to become a farmer. When the father was able to commercialise their operation within a short space of time, it made them realise the benefits of farming and how valuable it would be for them to get involved.

Sishuta (2005) addressed the impact of the historical legacies of apartheid policy among the children of black farmers. He argued that the children did not see any real benefits from farming. All they have is a view of their hard working parents. They would, therefore rather pursue other career prospects and be exempt from a future in farming.

This assertion would certainly hold true in the case of the farmworkers or subsistence farmers whose opinions were not covered extensively in this research paper.

One of the farmworkers in case 2, who worked as a herdsman was interviewed and he would have agreed with this statement. He felt that even though the government was

creating opportunities for black people to own land, he would not consider the prospect, as his children would not want to cooperate in running it with him. They completely detest being on a farm, so the chances of them staying on a farm would be minimal.

Bradstock (2005) believed that the Land Redistribution program was not successful in achieving its full objectives. Some of the benefits of the land transfer program have been that a lot of rural people have been able to be lifted out of poverty through having access to land where they could farm on a subsistence level.

It is believed that government did not give attention to the issue of human capital development, particularly in technical agricultural skills. The beneficiaries still lack the technical skills and information to access more profitable markets, thus are unable to improve their living standards (Magingxa, et al., 2009).

This can be corroborated by the statements made by the interviewed stakeholders. They believed that government had been over-ambitious with their targets, considering their intentions to distribute 30% of land to black people by 2015.

They also firmly believed that farm ownership required a different skills set than those of farmworkers, thus a lot of consideration needs to be made around how the beneficiaries of these programs can be skilled up to manage the farms.

The family in case 3 believed that government ought to be more open minded towards having skilled white farmers come in on a consultancy basis to manage the farms for them and mentor the new owners until their operations are profitable and sustainable.

With the government's focus of developing more black emergent farmers into commercial farmers, the farming families highlighted some of the key success factors that these new farmers ought to consider to ensure reduce the likelihood of failures.

Some of the points were that the farmers should be in it for the long haul and not do it on a part time basis, as farming is very capital intensive. They also ought to assess which of their children have the willingness to engage in the family business and start working with them early on.

The way in which racial differences play a role towards influencing how black and white farmers view farming differently is due to the fact that both cultures had unique perceptions about the sector from history. The overall key finding is that black farmers aspire to build a legacy, whilst the white farmers are hoping to preserve it through having a succession process.

6.2.3 Proposition 3 Discussion

The conceptual model of satisfaction formulated by Sharma Chrisman, Chua and (2003) is a model that developed five hypotheses that will determine the satisfaction of the stakeholders involved with a succession process. The model advocates that the satisfaction of the stakeholders involved is an indicator of whether the family transition process was successful or not.

Hypothesis 1: there will be satisfaction with the succession process if the incumbent has the propensity to step aside.

This hypothesis supports the view that the incumbent will be willing to step aside provided there is a presence of a credible successor who will be able to look after the family capital and serve the interests of the relevant stakeholders.

This statement is true in the case of family 1; the parents had already assigned each of the children management roles over their own enterprises within the business. They were

planning to phase themselves out within five years, on condition they felt that their children had the right support structure to hold everything together.

With the family in case 3, the father formulated a strategy on how he could get a management team to run the operation so that it can be sustainable. From the ownership point of view he would be willing to keep overseeing the operation on a high level until one of the children decides to be a successor.

In the case of the two black families, both fathers were willing to work on the farm until old age or illness prevents them from doing so.

Hypothesis 2: If the successor has the willingness to take over the leadership of the family business, then the incumbent will be satisfied with the succession process.

Nel & Davis (1999) highlighted how common it is to have the young generation in the agricultural sector perceiving career prospects in sector as having a lower status than other career pursuits in urban areas. They also assessed the normal occurrence, that if the successor is not willing to take over the business, then they would have to sell the business, often at a discounted price, thus yielding a low return on capital invested by the incumbent.

In the case of the children in case 1, the dynamic around their transition would refute the statement on how a career in agriculture has a lower status than other prospects in the urban areas.

The daughter had gained international work experience, but no longer found it fulfilling. As a result she opted to have a role on the family farm and live there full time.

In the case of family 4 it was evident the father was not certain if the younger son would want to take over someday, as a result he was afraid that he would not be able to carry on with his legacy, as the children would most likely sell the farm. Investing in the human

capital of the prospective successor was one of the plausible solutions towards influencing their willingness to take over.

His answer showed that while orientating the son around an agricultural background may have increased his willingness to transition into the business, it does not guarantee that the children will fulfil his expectations of taking it over.

Hypothesis 3: There is a positive relationship between the levels of agreement among family members to carry on with the business, considering the succession process.

Kenyon, et al., (2005) emphasised the importance of having a chosen successor who had the right leadership abilities to maintain harmony among the people involved.

Farming is a highly relational business that requires mutual respect between the owners and subordinates, which are the farmworkers. The results show that there was not a great emphasis on having the right chosen successor. The emphasis was on building the right strategies to ensure that the stakeholders would be satisfied with the transition process.

case 1 is an example: In order to allow a good rapport to develop between the children and the workers, the father in case 1 suggested that the children ought to establish their own teams of people to work with and forge long terms relationships with those who can become managers and supervisors and do their best to retain them.

Hypothesis 4: There is a positive relationship between the degree to which family members accept each other's role in the business and the satisfaction experienced by the incumbent, with respect to the succession process.

Regarding the acceptance of roles as a key factor in satisfaction with the succession process, this was evident in case 1, where each family member had a role to play that was matched with their abilities and aspirations. Communicating these aspirations was an essential part of achieving them.

The families in case 2 and 3 still had to figure out what their roles were and how they could fit them in the long run. The parents saw the need to have strong management in place to keep the business going, while the children outline the roles they would like to play. In the short term this served the families well as a succession plan.

Hypothesis 5: There is a positive relationship between the extent to which a firm engages in succession planning and the satisfaction experienced by the incumbent with the succession process.

Glauben et al., (2009) believed in receiving guidance by making use of outside assistance through consultants and the firm's advisory board to tackle succession issues.

All the families interviewed believed in primarily engaging the stakeholders only and having constant communication about it. It was only case 1 that attested to using outside advisors to give neutral advice on how to best carry the business forward.

In terms of the timing, literature states that the process ought to be planned for in advance. The findings suggest all the families believed in engaging succession on a regular basis and the process should be flexible and allow for structural adjustments on an on-going basis.

From this hypothesis one can assume that succession is a flexible process that ought to be reviewed to meet the needs of the business at that point in time and should not only take a long term view of the situation.

Within the context of succession there are pertinent issues that families need to talk about to get plans in place. The soft issues can be regarded as matters pertaining to identifying long term personal and family goals; communication of each stakeholder's vision and

finding out what they are anticipating from their goal after succession, as well as the process of selecting and training the successor.

The hard issues relate to taxation, appropriation of inheritance, financing the transfer of the business as well as all other issues concerned with the execution of ownership (Glauben *et al.* 2009).

From the findings, the belief is that families have a challenge talking about more of the soft issues which are seen as being more critical than the hard issues such as inheritances and ownership execution. This is evident as all of the families thought it was easier to come up with the estate planning prospects than it was to engage on the issues about each of the stakeholder's vision for themselves in the family business.

6.4 Other significant issues that the research assessed

Looking at some of the solutions that were addressed in the National Planning Commission Diagnostic Overview document to reduce poverty and reduce unemployment, agriculture could play an important role in growing the number of low and high skilled employment opportunities among the youth (Lund, 2011).

With the current drive towards promoting black emergent farmers and reducing the high number of failures among them, succession could be incorporated as a key issue in maintaining the long-term sustainability of these firms.

After interviewing one of the young managers at case 2's establishment the researcher got to understand the perspective of the young black woman, who sourced employment opportunities in agriculture because of her passion for it; a decision which is made by very few young black people.

The young woman spoke of how she could not afford to go to university. Not knowing anything about agricultural colleges, she managed to obtain a bursary to study at one of the best in the Free State so she could obtain formal education.

She spoke of how the experience gave her a sense of fulfilment and it was a field of work not many of her peers understood, thus they looked down on it. It has been for her an opportunity to learn about hard work and its values and to hone her leadership skills as a manager.

Her advice was that the government should create knowledge around agriculture studies at high school level and that knowledge about the colleges should be introduced from high school level. Access to university education is expensive and for the few fortunate, learners should know there are colleges out there that can help the youth to develop careers in farming.

Her view supports that notion that government ought to look at having the right human capital interventions for these youth to change their overall perceptions about farming. .

The example of Argentina supports this. The ageing generation of farmers experienced the challenge of their children not having an interest in farming. They invested capital in sending the children to agricultural university which paid off for most of them, as the children came back to work within the family-owned farms (Gras, 2009).

6.5 Research gaps addressed by this paper

Picard (2004) assessed that there were some areas where research gaps exist around succession planning.

There are still gaps in what constitutes effective succession; succession among different ethnic groups; the role that the financial community can play in facilitating the succession process; and lastly the perspective of future successors in the business.

The aim of doing a case method of analysis was to try and investigate as many of these research gaps within the context of family owned agribusinesses.

The researcher managed gain knowledge on succession among different ethnic groups. This was done through assessing succession in the context of four South African farming families, by analysing two black and two white farming families.

The learnings from the research showed that the primary differences within South African farming families was that the white families normally have an existing legacy, which they hope to preserve by harnessing the potential for a transition process to occur from one generation to another.

In the case of black farming families, most of them are new to the field and do not have an existing generational legacy. Their aspirations are to build one starting with the first generation and succession with them often calls for a degree of flexibility in terms of the children being engaged on a part time basis.

The perspective of the future successors was analysed through interviewing the children, who were to be prospective successors in the future and finding out what the process implied for them. The key lessons were around the factors that would influence their willingness to succeed the older generation in the future. The primary factor was if they felt a level of achievement of their desired goals in their previous career or academic

endeavours, the second was the effort from the parents to incorporate them from into the business. The relationship between the children, parents and other stakeholders involved also had an influence.

The research also managed to cover the perspective of when there is more than one successor, as in case 1 and what the necessary strategies would be to ensure that the transition process occurs harmoniously.

The notion of what constitutes effective succession depends on the family goals. The researcher got to gain an understanding on how each family faced unique challenges and had a differing view around the efficiency of their succession process.

6.5 Conclusion

From this chapter, the results on the research findings were analysed together with creating linkages to the literature review that showed evidence from the results that supported what was written in the literature, as well as evidence that was contradictory.

The three research proposition were analysed in depth to see how they fitted in with the literature assessed. Other significant issues and useful insights that were uncovered through the results were included with the hope of contributing towards succession in the context of South African family owned agribusinesses. The research managed to make a contribution towards closing the research gaps that were in existence about succession.

The following chapter will make concluding remarks on this research topic as well as make recommendations in the context of succession and agribusinesses in South Africa. Some suggestions on further topics for research on succession will also be made.

Chapter 7

Concluding Remarks

7.1 Introduction

The results of the study have shown there are many factors that influence succession in family owned agribusinesses in South Africa. When analysing the strategies around succession planning for the families interviewed, it was assessed that each family had unique drivers, enablers and challenges towards achieving a smooth transition process. However, there were common practices. Through this paper, the researcher tried to understand the necessary conditions towards having an effective succession planning process and the importance of it for the long-term sustainability of the business.

This paper set off to identify what the variables would be that constitute towards having an effective succession process. The research concluded that factors that attributed towards having an effective succession process was the successor's willingness and interest to get involved within the business and for them to have some form of engagement with the business at an early stage in their lives. Some of the key enablers that were not mentioned extensively in prior research were the importance of communication and respect and that in some instances there is more than one successor, consequently the process needs to address the expectations of all stakeholders involved.

The research found that there was no emphasis on having a written down succession plan. The most essential component of it was for the stakeholders involved to communicate about it, so the plan can reflect the needs and objectives of the business and family members in the short term. It should also have a high degree of flexibility to allow for uncertainty in the long run. The research identified some of the challenges that could deter

the succession plan process. The key deterrence would be if the incumbents do not communicate with the children whether they have an interest to partake within the family business and if they have an interest, they do not facilitate for them to get exposed to the business at an early stage. Not giving the successors a sense of ownership and responsibility can lead to them disengaging and reduce the likelihood of transitioning into the business.

Through this research paper it was assessed that South African family-owned agribusinesses will be challenged by the policies that are currently set out. Although they are creating opportunities to redress the historical dispositions of land ownership and providing equal opportunities for previously disenfranchised individuals, they are posing threats to the long term sustainability of these farming enterprises and could reduce the output performance of the sector in the long run.

Agriculture in South Africa still has a role to play as a key sector in the economy. It has the ability to alleviate rural poverty through employment creation and has a big function to play around the global food security challenge. There is a big drive towards developing emergent farmers who can contribute to expanding the sector. It has been documented on how there are a number of failures amongst many of these emergent farmers as they may lack the fundamental principles on how to run farming operations successfully. Even among farmers who succeed, a poor succession strategy may undo the efforts of government. Through the research, some of the respondents highlighted some key success factors that may be of use to these emergent farmers.

7.2 Recommendations

The recommendations suggested here are for academic research and all the stakeholders that may be involved in the agricultural sector from a firm, advisory, or policy formulating

perspective. These recommendations are set out to suggest some of the angles that can be taken, to ensure that succession plans are included as a key component of developing long term sustainability strategies within small and family owned organisations, that tend have narrow management structures and are susceptible to failure due to not having a leadership role-player in the long run.

The first recommendation is around the need for the families to communicate what the long term sustainability plan is for from the onset. It should be well articulated what the overall plans are for the family run enterprise; whether the intention would be to keep it in the family or if they may choose to sell as an exit strategy. If the family decides to keep it as a legacy, then strategies around orientating the prospective successor should be put in place from an early stage, to develop their level of interest around the operation and see where their interest and talents would best fit as they become old enough to get involved.

Encouraging the children to sit as board members of the family business, even when they not part of the operational aspects can be beneficial towards enabling them to play a strategic role and to use their outside career experience to the benefit of the family business.

Advisory services in South Africa that offer succession planning advisory services tend to focus more advising around the financial aspects than the non-financial issues, therefore more emphasis should be focused on educating family owned businesses around the difference between estate planning and succession planning. The strategies around succession planning should be driven by the family. The purpose of advisory services should be to then integrate the financial sustainability plan with the succession plan.

Succession planning advice for agricultural firms should be offered through institutions such as the Land Bank, whereby they appoint individuals with expertise about the topic

from a financial and non-financial perspective. They should facilitate workshops within farming communities to target emergent farmers as well as established farmers that may be having challenges. The focus of these awareness programs would be to educate about the financial linkages that succession planning has towards long term growth and to highlight the common challenges that may exist if a plan is not in place.

Without a well functioning, agricultural sector, it would seem fruitless for family owned agribusinesses to formulate succession plans as the future of their businesses going forwards will be tentative, due to political uncertainty. The researcher therefore suggests that the rest of the factors not be dismissed and for the following recommendations to be noted:

The issue around land redistribution needs to be managed more effectively

The issue around land redistribution and the future of land ownership policy going forwards is highly contentious. It has sparked a lot of debates around how it ought to be handled. Through the research, the researcher got to understand what the implications of these policies were at firm level. The fundamental understanding from stakeholders was that the policy was putting more emphasis on redistributive justice and less focus on the economic development of the agricultural sector that needs much consideration. Output is declining and the country is slowly becoming a net importer of foodstuffs that South Africa had self-sufficiency to produce. The political uncertainty is also compromising the much needed investment in the sector, thus there needs to be a sense of open-mindedness of how the issues can be best addressed. One of the families sought to construct BEE Schemes for their employees, as this would empower as part of the stakeholders involved in growing their businesses.

Inclusive engagement around discussing the issues needs to be encouraged, as the challenges facing the sector are currently being conferred in silos. Farming forums that have a representation of government and business owners need to be developed at regional and national level and should not be racially segregated. The purpose of these forums should be to assess how the stakeholders within the sector can move forwards, despite the challenges and to devise solutions that are harmonious and mutually beneficial.

Develop skilled emerging farmers through education and collaborative efforts

The amount of knowledge and skill that is needed to run a flourishing farming enterprise is underestimated. Farming has evolved to being more technologically advanced and operations need to achieve critical mass in order to be sustainable. More emphasis needs to be placed on how agricultural education and development of skills can be achieved.

Policymakers should take into consideration how the educational curriculum at high school and university level can be extended towards promoting agricultural studies. Scholarships and grants should be made available for local students to go abroad to developed agricultural economies such as Brazil, India, Australia and the United States to learn about international best-practices that can be adopted here. They could leverage on the current acceptance of South Africa into the BRIC economies on how these countries can facilitate projects for human capital development in the country.

At national level, institutions that are offering specialised agricultural courses, like the University of the Free State and University of Stellenbosch should shift to being more innovative around offering agricultural MBA's to aspiring emergent farmers. The aim of the courses should be on offering these farmers the necessary management and operational

skills that are essential to ensure that their operations do not fail and to incorporate studies around succession planning as part of the courses.

The Agriculture Sector Education Training Authority (AgriSETA) should introduce agricultural extension programs that will be targeted at skilling subsistence farmers using best- practices from countries such as Ghana and Kenya. They should also use these programs to roll out mentorship programs for commercial farmers to guide subsistence farmers who farm collectively as part of being beneficiaries of the LRAD on how to farm in profitable and sustainable manner.

Investment in farming technology and human capital development

With the current national budget sitting at R15, 4 Billion for the agricultural sector, and the emphasis being made on agricultural development, forestry, fishing and land reform, a lot more can be done to harness research and development for the sector. One way this can be done is through integrating programs such as Embrapa in Brazil to facilitate research and development programs in agriculture.

7.3 Topics for further research

. While the method of doing a case study covered a lot of ground, the findings also provided direction for further research in the following areas:

The context of succession within family owned businesses

How the planning for the succession process in family owned businesses differs across various sectors.

A longitudinal study on how the families with grey areas around succession managed to facilitate a succession process and what the necessary conditions were for that.

A comparative analysis between agribusinesses that are family-owned and those that are managed by outsiders and the impact on growth and performance.

Assessment into what the long term sustainability solutions are for succession are for part-time emergent farmers and compare to commercial that of commercial farmers.

The role of succession within the general business environment in South Africa

What may be the motivating factors for business owners to plan ahead of time for succession?

The challenges faced by both government and the financial community in promoting and facilitating business succession in South Africa.

Comparative analysis of succession planning strategies within large South African companies and strategies within multinational companies.

The net overall impact of failed businesses in the South African economy due to not having succession plans in place.

7.4 Conclusion

The primary objective was to assess the role that succession planning to ensure the long term sustainability of family agribusiness. The second objective was to assess how the context of succession is unique in South Africa and what the drivers are driving their inimitability. It is evident that through conducting a case study method of analysis the research objectives were met. In terms of the first objective, the data shows that succession is a key issue towards the long-term sustainability of these types of family run businesses and is unique to every family in the drivers that facilitate the process, and barriers that impede it. Issues that the research covered pertaining to the theoretical framework of the conceptual model was it does hold a lot of ground in addressing factors

which will determine if stakeholders are content with the succession process. The model is however flawed as it depicts the process as being more rigid meanwhile the research findings show that it is a flexible process, that within South African agribusinesses, cultural difference will have an influence on how the plans unfold themselves.

It is with hope that this paper will contribute towards the knowledge base on succession and help the stakeholders within agribusinesses on how to preserve their enterprises.

Chapter 8

References

Note: The small numbers in bold refer to pages in the research paper where the references were used.

Allio, M.K. (2004) .Family Businesses: Their Virtues, Vices and Strategic Path. *Strategy and Leadership*, 32(4) 34-36. (p 9, 11)

Andrade, L., Barra J.M., Elstrodt, H. (2001). All in the Familia, *Mckinsey Quarterly* retrieved February, 8, 2011, from editorial@e.mckinseyquarterly.com . (p 10)

Babbie, E., & Mouton, J. (2001). *The practice of social research*. Cape Town: Oxford University Press. Southern Africa. (p 45)

Becker, G.S., &Tomes, N. (1986). Human Capital and the rise and fall of families, *Journal of Labor Economics*, (4) 3, 1-39. Part 2: The Family and the Distribution of Economic Rewards. (p 24, 26,)

Bradstock, A. (2005). Changing Livelihoods and Land Reform: Evidence from the Northern Cape of South Africa. *World Development*, (3)11, 1979-1992.
doi:10.1016/j.worlddev.2005.07.005. (p18, 104)

Chrisman, J.J., Chua, J.H. & Sharma, P. (1998). Important attributes of successors in family businesses: An exploratory study. *Family Business Review*, 11 (1), 19-34.
Doi: 10.1111/j.1741-6248.1998.00019. (p 12, 20)

Chrisman, J.J., Chua, J.H. Sharma, P., & Yoder, T.R. (2009). Guiding the family business through the succession process, *The CPA Journal*, 48-51. (p 28, 36)

Churchill, N.C., & Hatten, K.J. (1987) .Non- market based transfers of Wealth and Power. A research based framework for family businesses. *American Journal of Small Businesses*, 11(3), 51-64. (p 12, 76, 98,)

Cotula, L., & Vermeulen. S. (2009) .Deal or no deal: the outlook for agricultural land investment in Africa. *Blackwell Publishing Ltd*, 85(6), 1233-1247. (p 13)

Cronje, F. (2010, 28 May) .SAIRR Today: The struggle for jobs. SAIRR Today: The struggle for jobs. *South African Institute of Race Relations*. Retrieved from: <http://www.sairr.org.za/sairr-today-1/sairr-today-the-struggle-for-jobs-28th-may-2010> (p 2, 7)

Danes, S.M., Stafford, K., Haynes, G. & Amarapurkar, S.S. (2009) .Family Capital of Family Firms: Bridging Human, Social, and Financial Capital. *Family Business Review*, 22(3), 199-217. (p 24, 25)

Dash, R.N. & Sekar, V.G. (2008). Agribusiness and agro-processing: modern practices adopted in Germany and the Netherlands. *Cab Calling*. Retrieved from <http://cab.org.in/> (p13)

Demers, J. (2003), Succession planning in SME's. *CMA Management*, 12, 12-13. (p 21, 22, 100)

Dynes, M. (2010) .Keeping it in the family, retrieved on 9 February 2011 from <http://www.africaninvestor.com/magazine>. (p 12)

Eisenhardt, K.M. (1989). Building Theories from Case Study Research. *The Academy of Management Review*, 14(4), 532-550. (p 49)

Flyvbjerg, B. (2006). Five Misunderstandings about Case-Study Research, *Qualitative Inquiry*, 12(2), 219-245. (p 48, 49, 50)

Glauben, T., Petrick, M., Tietje, H., & Weiss, C. (2009) .Probability and timing of succession or closure in family firms: a switching regression analysis of farm households in Germany. *Applied Economics*, 41 (1), 45-54. (p 1, 21, 22, 27, 97, 99, 108,109)

Gras, C. (2009).Changing Patterns in Family Farming: the case of Pampa region Argentina. *Journal of Agrarian Change*, 9 (3), 345- 364. (p 20, 83, 110)

Handler, W. C. (1994). Succession in family business: a review of the research *Family Business Review*, 7(3), 133–57. (p 21, 16)

Harris, J., Deacon, J., & Morgan, C. (2010). The value of co-preneurship – an investigation into SME's in South Wales. AGSE, Newport, United Kingdom. (p 2, 97)

Harveston, P.D., Davis, S., & Lyden, J.A. (1997). Succession Planning in Family Business: the Impact of Gender. *Family Business Review*, 26-48. (p 20, 75)

Hersch, W.S. (2005). Handing over the family business, *National Underwriter*, 12-16. (p 21, 76, 99, 100,)

Kenyon- Rouvinez, D., & Ward, J.L. (2005). *Family Business Key Issues*, New York: Palgrave Macmillan. (p 27,107)

Lund, T. (2011, June, 23). *National Planning Commission – Toil and Trouble*, Finweek Magazine, 22-23. (p 7, 83, 109)

Maas, G. J.P. (2010). Family Owned Businesses in SA, Global Entrepreneurial Consultants, University of Limerick, retrieved on 25 February 2011 from <http://www.docstoc.com/docs/26608683/>. (p 3, 78, 102,)

Magingxa, L.L., Alemu, Z.G., & van Schalkwyk, H.D. (2009). Factors influencing access to produce markets for smallholder irrigators in South Africa. *Development Southern Africa* 26 (1), 47-58. (p 18, 79, 104)

Malinen, P. (2001) .Like Father Like Son? Small Family Business Succession Problems in Finland. *Enterprise and Innovation Management Studies*, 2(3), 195-204. (p 20, 21)

National Department of Agriculture. (2001). Strategic Plan for South African Agriculture. Retrieved from www.nda.agric.za/docs/sectorplan/sectorplanE on 11 February 2011. (p15,17)

Nel, E., & Davies, J. (1999). Farming against the odds an examination of the challenges facing farming and rural development in the Eastern Cape Province of South Africa. *Applied Geography*, 19, 253-274. (p 4, 26, 30, 106)

Noor, K.B. (2008) .Case Study: A Strategic Research Methodology, *American Journal of Applied Sciences*, 5 (11), 1602-1604. (p 35,)

Olubode-Awosola, O.O., Van Schalkwyk, H.D., & Jooste, A. (2008). Mathematical Modelling of the South African Land Redistribution for Development Policy. *Journal of Policy Modelling*, 30(5), 841-855. (p 18)

Otomo, Y. (2000). Family Strategy of Family- Farming Succession: A Case of Farming Families Executing "Family Agreement" in Takasaki City in Japan. *The Jumonji journal of social and information sciences*, 4 (12), 57-70. (p 22)

Picard, D. (2004). Business Transition a literature review. *Canadian Federation of Independent Business*. Available from www.cfib.ca (p 6, 84, 110)

Phillip, K. (2003) .Co-operatives in South Africa: Their Role in Job Creation and Poverty Reduction, South African Foundation. Available from <http://led.co.za/content/co-operatives-south-africa-their-role-job-creation-and-poverty-reduction> . (p 15)

Poutziouris, P., Smyrinos, K., & Klein, S. (2006). *Handbook of research on family business*, United Kingdom: Edward Elgar Publishing. (p 12)

Robson, C. (2002). *Real World Research - 2nd Editions*. Oxford: Blackwell. (p26, 27)

Sandrey, R., & Vink, N. (2011). Cape to Cairo – An Assessment of the Tripartite Free Trade Area. *Trade Law Centre for Southern Africa*. National Agricultural Marketing Council. (p14)

Saunders, M., Lewis, P., & Thornhill, A. (2009) .*Research Methods for Business Students*, United Kingdom: Pearson Education. (p 33)

Sautier, D., Vermeulen, S., Fok, M., & Bienaber, E. (2006). Case studies of agri-processing and contract agriculture in Africa. Retrieved from 12 February, 12, 2011 from <http://www.rimisp.org>. (p 15)

Sharma, P., Chrisman J.J., & Chua J.H. (2003) Predictors of satisfaction with the succession process in family firms. *Journal of Business Venturing*, (18), 667-687. (p 23, 24, 33, 105)

Sharma, P., & Sharma, S. (2010). Drivers of proactive environmental strategy in family firms. *Business Ethics Quarterly*, Concordia University, Montreal, Canada. (p 1)

Sishuta, B. (2005). Small- scale irrigation development for sustainable rural development: A case study of the Tyhefu Irrigation Scheme. *African Sociological Review*. 9 (2), 184 – 206. (p 30, 79, 103)

Venter, E., Boshoff, C. & Maas, G. (2005). The influence of successor- related factors on the succession process in small and medium-sized family businesses. *Family Business Review*, 18(4), 283-303. (p 1, 2, 3, 5, 21, 27, 97, 98)

Vermeulen, H., J. Kirsten, & Sartorius, K. (2006). Engagement with farmers from agro-processing companies in South Africa. *Department of Agricultural Economics, Extension and Rural Development, University of Pretoria, South Africa*. (p 2, 16)

Vink, N., & J. Kirsten. (2000). Deregulation of agricultural marketing in South Africa: Lessons learned. *The Free Market Foundation Monograph No. 25*. Sandton, South Africa. (p 15)

Weatherspoon, D., J. Cacho, & R. Christy. (2001). Linking globalization, economic growth and poverty: Impacts of agribusiness strategies on sub-Saharan Africa. *American Journal of Agricultural Economics* 83(3):722-729. (p16)

Yin. R .K. (2003). *Case Study Research - Design and Methods*: 3rd Edition, London: Sage Publications. (p 44)

Appendix A

9.1 Interview Guide

I would like to thank you giving me this opportunity to interview you today.

My name is Mosidi Modise and I hail from the Free State. I came to study at Gibbs with the purpose to do the Entrepreneurship MBA which requires an academic thesis. My topic of choice was to study the role of succession planning within family owned agribusinesses.

I found the dynamics around the agricultural sector to be interesting as from an entrepreneurial perspective it is a key issue, seeing that if the family owned farms do not get transferred to the next generation they either get sold or some lay idle depending on the financial situation within the farm, thus leading towards the failure of firms within the industry.

The Interviews should take less than an hour. I will be recording the interviews whilst taking notes so that to have an accurate account of the conversations which will be transcribed at a later stage.

The interviews will be treated with strict confidentiality whereby you reserve the right to be anonymous and I will just merely quote as “a farming family situated in Fouriesburg”. Your responses will only be shared with the research team members. You reserve the right to not talk about anything that is to your discomfort and are welcome to end the interview at any time.

Before we resume with the interview process I would like to find out if there are any questions about what I have just explained. Are you willing to participate in this interview?

Particular Questions for the Incumbents:

1. Can you just give me a brief history of this farm, who did it belong to beforehand and how long did they own it.
2. Can you explain how you came about owning the farm, when did you come to own it and what was the general process of owning it.
3. What is your educational background and how did you obtain your farming experience?
4. What aspects of your previous career background have you incorporated into your farming experience?
5. Did you set up the business with the intent to leave a legacy for the children or to gather wealth for wellbeing?
6. What have been some of the adjustments you have made to fit into the lifestyle of a farmer
7. In terms of your wife and the children what are their opinions and perceptions of you running the farm and do they give you the level of support you need?
8. What are all the kids doing in terms of their careers right now?
9. Have any of them shown the interest to maybe get involved and take it over some day?
10. Have you got any other family members working with you, who have shown some interest, are they working with you at the moment?
11. Are there any outsiders helping you in terms of advice of how to plan for the future of the business and around the succession issue?
12. Do you on an ongoing basis think about the issues of succession and planning for it?
13. What are your hopes and dreams for each of your children in terms of their careers?
14. Do you foresee the future of your farming operation being in the hands of the family, or are your intentions to sell it someday.
15. When do you plan to retire from working on the farm, what are your plans thereof, in terms of the role you play?
16. What would your advice be to other farmers who are starting out in terms of planning for succession or long term sustainability of the farm?

Particular Questions for the younger generation:

1. Can you tell me about your life as a child on the farm, where you went to school, what you went to study at varsity, did you do any other work before moving onto the farm.
2. How old were you when you started getting involved in the business. How did it make you feel?
3. What have been the most difficult adjustments to make during the transition process?
4. Were you willing to take over the farm, or did you have alternative career options?
5. Do you find the opportunities on the farm to be more challenging than anywhere else you saw in your previous career?
6. In your view how do you think farming contributes towards the economy in the country ?
7. Did you have a lot of contribution to make towards the technological improvements on the farm- do you feel that the younger generation can always teach something about these developments to the older generation?
8. Did you obtain any specialised education around farming, from where?
9. In terms of assuming a leadership role amongst the farm workers, how have you managed to build relationships with them and allow them to respect you the same way that they respect your father?
10. Do you and the family often play a role in engaging about all the issues that affect succession around you like the implications of your younger brother joining the family business?
11. What do you think can be done about influencing your peers who are from a farming background to go back and do what you are doing?

General Questions to all other stakeholder's

- I'm sure that throughout the family there have been some members who really couldn't see them living on the farm and embracing that lifestyle, how did you deal with that situation?
- Looking at the current situation with the LRAD, what is your opinion in how these policies will affect your farming operation in the future?

- What would be your advice be to these emergent farmers when it comes to working out a succession plan despite their current situations?