

Understanding generational renewal in European farming systems:

a qualitative inquiry into farm entry, exit, transfer and succession decisions

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The young farmer problem in European farming systems

Smooth and sufficient generational renewal (GR) is an important contributor to resilient EU-farming systems. Across the EU, however, there is a concern that a combination of factors might lead to a structural deficit of entry into farming, which could result in the collapse of farming systems and a loss of the functions they fulfill. This concern mainly stems from the perceived age skewness in the farmer population. Official statistics indeed confirm the ageing of Europe's farmers, albeit with large differences between Member States. As a reaction to this young farmer problem (YFP), local organizations, regional/national governments, and the EU are trying to encourage GR, which has been included as one of the nine goals of the proposed Common Agricultural Policy (CAP) post-2020. The main policy approach has been to provide special attention for young farmers through the Young Farmer Payment (in pillar 1) complemented by support under rural development objectives, such as take-over and investment support. Nonetheless, questions remain regarding the extent of the YFP and whether the policy approach focusing on supporting young farmers is adequate. This paper firstly provides a view on the evidence of the YFP in the EU and secondly describes the implications of a qualitative study that investigated the underlying dynamics of GR to inform policies addressing the YFP.

Defining the young farmer problem in the EU: a task for the Member States?

The main database used to document the extent of the YFP is the Eurostat's farm structure survey (FSS) (Figure 1). As of 2016, around 11% of farmers were below 40 years of age, the cut-off point for receiving young farmer support. However, the share of farmers close to retirement age (the cohort between 54 and 65) and the share of farmers over 64 were more than twice as high, each at around 27%. Nonetheless, the extent of the YFP varies greatly between Member States, with shares of young farmers ranging from less than 4% in Cyprus to more than 22% in Austria. Whereas the share of farmers close to retirement age is fairly consistent at around 25% in all Member States, the share of farmers above 64 differs a lot between Member States. Concerning the shares of the latter age group, the variation across Member States is striking: from under 10% in Germany and Finland to over 50% in Portugal. While a lower than average share of young farmers is accompanied by a higher than average share of farmers above retirement age in many countries in Southern Europe, some in Eastern Europe, and also in Ireland, Sweden and the UK; this is not the case, however, in countries such as Belgium, Finland and the Netherlands.

The same level of diversity is also visible with respect to how the age distribution of farmers evolved in different Member States during the last decade. For assessing the extent of the GR problem, it makes sense to focus on the evolution of the share of young farmers and the share of older farmers (Table 1). While the share of young and older farmers stagnates in some Member States, in others it clearly decreases or increases. This means that defining the extent of the GR problem cannot be

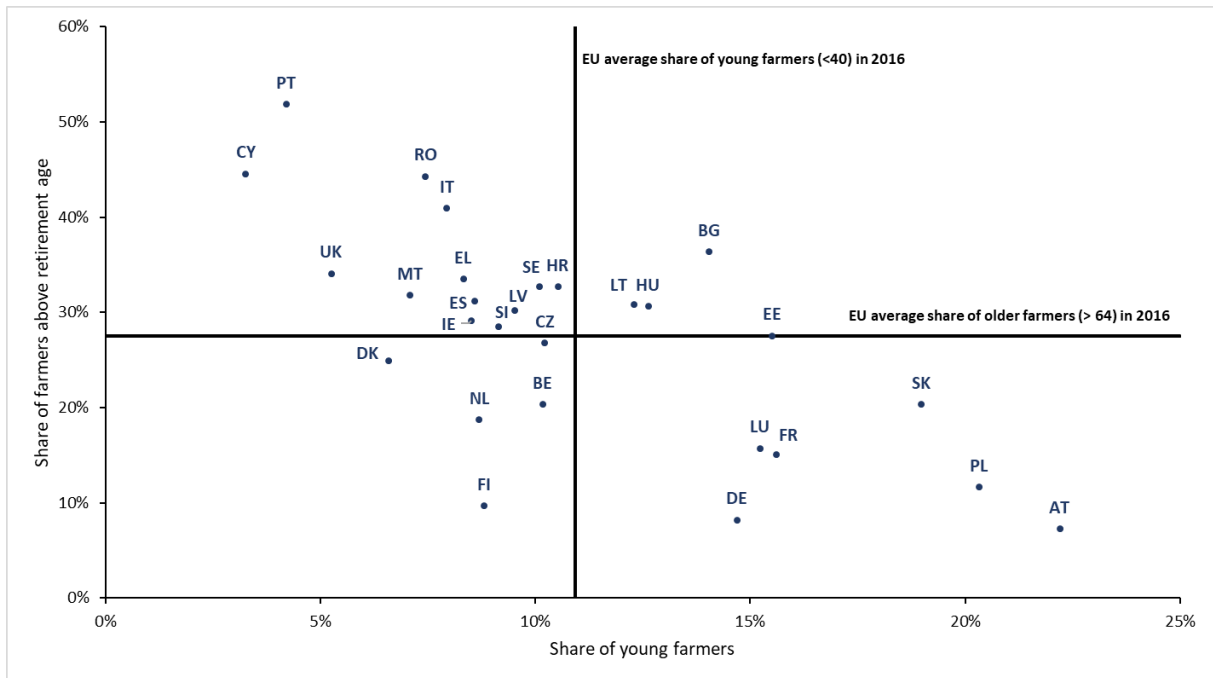


Figure 1: Shares (in percentages) of farmers from different age categories for EU28 countries in the year 2016. Source: Own calculations based on Eurostat Farm Structure Survey database, Farm indicators by agricultural area, type of farm, standard output, sex and age of the manager and NUTS2 regions [ef_m_farmang]

straightforwardly based on the above statistics. It seems evident to claim that Member States with the highest current level of GR problems are those with a larger than average share of older farmers and a low share of young farmers. However, in some of those Member States there is a rather positive trend in the share of young farmers in relation to the share of older farmers. This is particularly the case in Bulgaria, Croatia, Slovakia and - to a lesser extent - Estonia, Italy, Lithuania and Slovenia. Conversely, some countries with currently lower than average shares of older farmers experienced a reverse trend during the last decade. These are Czech Republic, Denmark, the Netherlands and Finland.

The most important conclusion from the above figures is that there is inconclusive evidence of a uniform, Europe-wide YFP. Indeed, the figures are far from consistent between different Member States. Moreover, since the above statistics are based on FSS data, 'farmers' in the above discussion actually refer to 'farm managers', who are - in the context of European farming - probably also the main farm operators, but not necessarily. In other words, the group of potential successors who are currently employed in the agricultural sector prior to becoming a farm manager themselves does not appear in these statistics. Additionally, these statistics contain no indication at all about overall employment in agriculture. This raises many suggestions for further research on the YFP, as we argue below.

Table 1: 2007-2016 trajectory of young farmers (age \leq 34) and older farmers (age $>$ 64) shares in EU28 Member States. Source: Own calculations based on Eurostat Farm Structure Survey database *lfsa_egan22d* (data for crop and animal production, hunting and related service activities).

Member State	<35 ¹	>64
Belgium	=	=
Bulgaria	↗↗	↘↘
Czechia	↘↘	↗↗
Denmark	↘↘	↗
Germany	=	=
Estonia	↗	↘
Ireland	↘	↗
Greece	↘↘	=
Spain	↘	=
France	=	=
Croatia	↗	↘↘
Italy	=	=
Cyprus	↘	↗↗
Latvia	↘	=
Lithuania	↗	↘↘
Luxembourg	=	=
Hungary	↘	↗
Malta	↘	↗↗
Netherlands	=	=
Austria	↗	=
Poland	↘	↘
Portugal	=	↗
Romania	↘	=
Slovenia	=	↘
Slovakia	↗↗	↘↘
Finland	↘↘	↗
Sweden	=	↗↗
United Kingdom	=	↗

Legenda ²		
↗↗	$\Delta > 2,50$	$\Delta > 7$
↗	$1 < \Delta < 2,5$	$3 < \Delta < 7$
=	$-1 < \Delta < 1$	$-3 < \Delta < 3$
↘	$-2,5 < \Delta < -1$	$-7 < \Delta < -3$
↘↘	$\Delta < -2,5$	$\Delta < -7$

¹ statistics on <40 age group are only available for 2016.

² $\Delta = (\% \text{ of young/older farmers in 2016}) - (\% \text{ of young/older farmers in 2007})$

Source: Own calculations based on Eurostat Farm Structure Survey database, 2020.

First, even though many stakeholders, researchers and policy makers assume there is a YFP which provides a clear policy rationale and objective for intervention, the extent of the YFP is actually far from clear. We therefore argue that policies should not support GR as such. Instead, they should support the amount and direction of GR that is required for achieving established objectives for the

farming systems regarding their contribution to regional/national/European welfare. Hence, before designing policy interventions in the areas mentioned in the next section of this paper, policy makers and researchers should first clarify the problem and thus the policy rationale. What is the extent of the YFP? Is it a YFP that is associated with an old farmer problem as well? Why should GR be improved and by how much?

Second, and this is the remainder of this paper, a deeper understanding of the dynamics underlying the GR process can support the clarification of the YFP. We consider GR as the net result of all entry, exit, non-entry, non-exit decisions of individuals. Gaining insight into the GR process thus starts with understanding the decision-making processes about and around farm succession. Note that the phenomenon of starting up an entirely new farm is beyond the scope of this study, even though this is one route to GR. Instead, we focus on the most common type of GR, i.e. the one resulting from the succession of existing farms, regardless of whether this transfer happens in a family context or between business partners. Understanding how different factors either inhibit or enhance GR, and whether such influencing factors differ across European farming systems, can raise important insights for explaining part of the variation shown in Figure 1. Additionally, such knowledge should guide the design of policies that effectively interfere with this decision-making process.

Investigating farm entry, exit, transfer and succession

Study method

This article is based on a particular part of a Horizon 2020 project, SURE-Farm, wherein in-depth interviews with farm stakeholders increased our understanding about how decision-making processes regarding GR are shaped and what factors play a role in this development. The interviewed farm stakeholders were active or retired farmers, their partners, (potential) successors, siblings of (potential) successors, farm workers, and farm managers. Across the 11 European farming systems (Meuwissen *et al.*, this issue), a total of 157 interviews, clustered around 86 farm businesses, were analysed while taking into account the particular phase of the business life cycle they are in, e.g. before, during, or after take-over. The study approach required interviewees in one farm business to either be related to each other (in the case of family farming) or to have a professional relationship (in the case of corporate farms), allowing a more comprehensive understanding of the interpersonal dynamics that can participate in influencing the decision about farm succession. All interviews were subjected to a thematic analysis, first on a case-by-case basis and in a later stage a cross-case integration was made.

Three stages arose from the data that are particularly useful when interpreting the GR process and assessing how and what type of interferences may be able to steer this process. The first stage reflects the process of *developing a successor identity*; it is the stage during which individuals identify themselves as farmers-to-be. The second stage is the *farm transfer process* and covers the period in which a farm is transferred from the predecessor to the successor. The farm can be taken over by a member of the family - the most common way of farm continuity - or by a non-relative. The third

stage covers what is typically the longest part of a farmer's career, during which (s)he develops the farm in terms of strategic and organisational structure. This *farm development* stage starts when a farmer gets the full managerial control over the farm, and usually lasts until retirement. These stages resonate with theories on the GR process that have been proposed in the literature (see e.g. Fischer and Burton, 2014).

The third stage of one generation typically overlaps with the first stage of the next generation: while the incumbent farmer is still in charge, (s)he is influencing the next generation, albeit sometimes unintentionally, by stimulating or discouraging the formation of a successor identity. First, this influence is materialized by sociological processes. Many entrants have been socialized into farming by being involved with the farm work from young age, and growing attached to the farm, the livestock, the place where the family - often for a number of generations - has farmed and lived, etc. (Fischer and Burton 2014). Second, this influence is the result of interpersonal dynamics and relationships. For example, when the current farmer is not taking the ambitions of the potential successor into consideration, the latter might not be able to associate with the current way of farming, and thus ends up not considering himself/herself as a successor for that farm. Because having enough access to land and infrastructure to set up a farm elsewhere is extremely difficult, such a person may decide not to enter the farming sector even though a successor identity has been formed. Hence early involvement in farming is likely to trigger the formation of a successor identity, but it can likewise result in disliking a particular farming style.

The typical entanglement between the farm business and the private (family) life can, depending on the specific situation, either facilitate or obstruct farm continuity. One such factor that typically eases farm continuity in the context of family farming is the provision of flexible and (nearly) unpaid labour. However, sudden unforeseen events, such as the abrupt death of a family member, can hinder a smooth transition from the first to the second stage, potentially resulting in non-entry. Similarly, when the former generation is not ready to step down, the successor is forced to find a temporary solution for gaining an income. For this, or for other reasons, a potential successor may decide to first work as an employee on another farm or even outside agriculture; a phenomenon that was observed in all the farming systems. On the one hand, the successor may experience a learning process and build up knowledge and skills that serve him/her well when returning to the farm. On the other hand, this phenomenon often interrupts the formation of a successor identity and entails the risk of interrupting the take-over process. When looking back at the figures of young farmers shares in the farming population, the observed low degree of young farmers can be partly explained by this phenomenon, and further research is needed to confirm this assumption.

Thus, even when a farm is attractive to the potential successor, there are factors external to the individual and the farm that potentially outweigh the willingness to become a farmer. Farming is

often viewed as a relatively unattractive option compared to other occupational choices. This is mainly because of a perceived imbalance between the long hours worked by farmers, the high risks they bear as entrepreneurs, the administrative burden they need to handle, and the salary they gain from it in return. This perceived discrepancy is emphasized in the context of contemporary societal visions on quality of life and work-life balance. Besides, societal acceptance for farming seems to be problematic, as many of our interviewees indicated that farmers have the impression that they are underappreciated as contributors to society, despite their role as primary producers of food. As a result, even though someone has started to consider becoming a farmer, the formation of a successor identity may not be finalized in the end.

Finally, this study also showed that entry is not solely the decision to farm, but rather a decision for a particular lifestyle. Most importantly, farming is associated with a life in the countryside. In some of the investigated farming systems, this association is favourable because rural areas are much appreciated, especially by young families, and viewed as a more attractive choice compared to 'polluted' city life. However, in other farming systems, the remoteness of and/or lack of infrastructure and services in rural areas conveyed not a favourable image of the countryside. Here, farming was often excluded from the options a potential successor considers, even if (s)he had created a successor identity.

Policy areas to stimulate generational renewal

Policies to stimulate GR should in general target five areas: (1) complement the policy orientation towards tackling the GR problem at an earlier stage; (2) increase the overall attractiveness of farming as an occupation and a lifestyle; (3) strengthen regulations and (soft) institutions that facilitate access to the production factors capital, labour and especially land; (4) reinforce the supply of farm-tailored professional advice and personal coaching; and (5) improve the coherence of the policy mix at multiple domains, such as rural planning and agricultural policies, and multiple levels, i.e. local, national and European policies.

Many potential young farmers who eventually decide not to farm do so because farming does not seem attractive enough, something which was observed in all case studies, even though the reasons for which farming was seen as unattractive are not entirely identical. This substantially reduces the extent to which policies can stimulate GR by focusing on young farmers and consequently lowers the impact policies can theoretically exert on GR. Indeed, current policy instruments that aim to facilitate GR are directed to either the stage of the farm transfer process, i.e. setting-up support for young farmers, or to the farm development stage, i.e. extra financial support for young farmers only starts after the young farmer has officially become the main farm manager. Whereas these instruments may be effective to enable that particular stage, this study has shown that a great deal of non-entry decisions are made earlier. Thus, if potential entrants do not develop a successor identity or when

this identity is not strong enough, measures to ease the transfer process are too late. Therefore, these policy instruments should be complemented by other interventions that tackle the GR problem at an earlier stage.

Several features of farming as an occupational choice are considered unattractive, such as the hard work, the high risk, the precarious financial context, and the difficult work-life balance. Policies that address these issues can have a positive impact on the attractiveness of farming as an occupational choice and thus enable GR. Further, policy makers should be aware that entry into farming often coincides with a very particular lifestyle choice. Most importantly, choosing to become a farmer entails a family life in the countryside. Therefore, the attractiveness of rural areas heavily influences GR in agriculture. Rural areas in Europe are often remote and lack basic facilities, which leads to out-migration of especially the younger generation. This either directly induces low entry into the agricultural sector - before farming as an occupation has even been considered - or it contributes to the phenomenon of postponed or discontinued entry explained above. Policy makers should target this group of potential future farm heads, as tempting them to return to the farm is an effective way to support the continuity of farms that are currently managed by older farmers. Consequently, policies targeting the (re)construction of such underdeveloped and/or abandoned rural areas have a great potential in stimulating GR. Examples of such policy targets are improving services such as education and health care.

After someone has decided to become a farmer, two parties have to agree on the practicalities of the farm transfer process. Access to production factors largely determines the feasibility of this process. As access to and availability of land, capital and labour are mainly regulated by regional and national policies, these governmental levels play an important role in creating opportunities for entry into farming. First, land mobility should be increased in order to enable GR. For instance, in several countries, land lease policies restrict land mobility as a side effect of legal attempts to protect the tenant from losing control over his property. Second, the usually high workload in agriculture forms part of farming as a lifestyle choice as described above. Labour flexibility can be increased by policies that create possibilities to hire temporary staff to e.g. moderate peak labour demands and allow farmers to take holidays, without harming the interests and rights of farm workers. Third, the increasing capital-intensive nature of farming raises questions concerning individual farmers' capacities to manage financing. Inheritance policies, investment support policies, and fiscal policies are examples of policy domains that affect finance management and thus hold potential for improving the financial viability of farming.

Farm entry, exit, transfer and succession decisions are very case-specific. Hence, diverse and flexible policies are needed to provide tailor-made support to a wide range of farm situations and their demographic issues. To achieve this level of specificity without losing clear legal boundaries, policy

makers can, for example, design specific subsidies for the provision of individual advice and coaching. Farm-specific advice is especially required during the farm succession process, and to a lesser extent in the early phase of the farm development stage. The advisory services should not be restricted to the legal and financial organization of the farm, instead, more support is needed regarding emotional intelligence coaching and interpersonal counselling. Such support is not only important in a corporate farm context, but also on family farms, in which particular situations can arise regarding the financial, legal and managerial arrangements between family members that are much more cumbersome and delicate compared to a non-family context.

Policies at all different levels and domains can have a substantial impact on GR. Beyond agricultural policies, also environmental, fiscal, inheritance and rural planning policies can exert a profound impact on the level and direction of GR. The common agricultural policy, with its focus on young farmer support and through its support for risk management plays a significant role. However, the power and thus responsibility of national and regional governments is often underestimated and overlooked. Many issues that affect GR are not European policy responsibilities but are regulated at the national and regional level. Examples are rural planning, environmental permits, land market policies and fiscal regulations. Even municipalities can have a substantial influence through the way they govern environmental permits, rural planning and the land market.

Further reading

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