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Regeneration through collaboration

Generational renewal and succession planning must tackle the challenge of aging farmer populations. Collaborative farming may be a solution, but requires greater research and planning from policymakers.



An aging farming population and a decline in younger farmers are global issues of concern in the pursuit of sustainable agriculture. Almost one-third of farm managers in the European Union are aged 65 years or over, signifying the urgency for generational renewal in the agricultural industry.

Some of the strongest barriers to innovation in agriculture exist at farm level and relate to farm business structures, the lack of land mobility and the age of farmers. Collaborative farming arrangements may assist in alleviating such challenges and contribute to a more sustainable rural economy. A recent DAFM-funded research project conducted by the authors of this article comprehensively explored the role of collaborative farming in facilitating generational renewal and we report some of our key findings.

Growth potential

In Ireland and many other European countries, historically, the dominant ownership structure for farm enterprises has been sole-trader ownership. In recent decades, there has been a gradual change to collaborative farming by adopting alternative business structures, such as partnerships and limited companies. However, collaborative arrangements in Irish agriculture are still relatively new in comparison to the experience in other EU countries.

Joint research by Teagasc and Maynooth University, funded by DAFM, is examining the pros and cons of approaches to collaborative farming structures. Michael Hayden, Assistant Professor of Accounting at Maynooth University, explains: “In our research, we explored the prevalence of alternative farm business structures in Ireland and compared the Irish case to selected European countries – France, Germany, Netherlands, Poland.”

Our findings highlight that the prevalence of alternative business structures across case countries is not uniform, and that potential for growth in collaborative farming exists in Ireland to meet the generational renewal challenge. For example, collaborative farming is much more

prevalent in France and interestingly the average age of farmers is six years lower in France compared to Ireland.”

However, the area where growth in collaborative arrangements is targeted needs to be carefully considered by policymakers given the economic vulnerability of some farm enterprises in particular.

Figure 1. The percentage of total farms by legal form in selected countries in years 2010, 2016 and 2020

Country	Sole trader			Company			Partnerships		
	2010	2016	2020	2010	2016	2020	2010	2016	2020
Ireland	99.8%	99.7%	92.0%	0.2%	0.3%	2.0%	-	-	6.0%
France	70.8%	65.0%	59.0%	21.7%	25.4%	30.0%	7.5%	9.6%	11.0%
Germany	91.3%	88.6%	87.0%	1.7%	2.0%	2.0%	7.0%	9.4%	11.0%
Netherlands	94.2%	92.7%	91.0%	5.8%	7.3%	9.0%	-	-	-
Poland	99.7%	99.7%	99.0%	0.3%	0.3%	1.0%	-	-	-

Source: Eurostat

Financial incentives

Through interviews with farmers and agricultural advisors, the research explored the benefits, barriers and challenges associated with operating collaborative farming arrangements, continues Michael.

“We found that the reasons for forming, and the benefits associated with, collaborative arrangements broadly centred around two motivating factors: financial incentives, and a desire to involve the next generation in the management of farm enterprises – i.e. generational renewal.

“In respect to involving the next generation, we note that there is a strong emphasis placed by younger farmers on how forming collaborative arrangements provides them with a sense of involvement in the management of a farm enterprise, rather than being considered a farm labourer.”

The strong emphasis on financial incentives as a key driver for establishing collaborative arrangements demonstrates that policy initiatives which include a financial incentive have a positive impact on increasing farmer participation.

Regarding barriers to the establishment and operation of collaborative farming arrangements, the research highlights that uncertainty and financial concerns are significant challenges. These can contribute to a reluctance of farmers to engage in collaborative farming, explains Anne Kinsella, Senior Research Economist at Teagasc.

”The financial concerns mainly encompass a concern about the ability of the farm enterprise to support all collaborating parties, and retirement income concerns of farmers who may be stepping back.”

In terms of concerns over uncertainties in the future, these often relate to the absence of a clear succession plan.

“We argue that it is important for industry stakeholders to be aware of the barriers and challenges that exist. Particularly, policymakers need to be cognisant of these factors when formulating policies to promote engagement in collaborative farming,” Anne adds.

Many of the interviewees in the study highlighted how the administration process around establishing collaborative arrangements, coupled with the requirements for ongoing reporting, is quite onerous and cumbersome, thereby acting as a deterrent to participation, Anne explains. Policymakers could explore the simplification of administrative procedures; streamlining them and making them more user-friendly could contribute to increased participation.

Trust the process

While collaborative arrangements have many benefits, it is important to recognise that they may not always be successful and that in some cases arrangements can break down, Michael points out.

“Our research reveals that quite often the reason for breakdowns is due to strained personal relationships among participating farmers, or due to a difference in how the arrangement operates post-establishment versus the pre-establishment expectations of those involved. Many of the agricultural advisors and farmers interviewed in our study allude to the importance of trust when it comes to the successful operation of collaborative arrangements.”

Trust among collaborating parties can often be achieved through open communication surrounding issues pertaining to farm management, decision-making procedures, future intentions for the farm enterprise and how disagreements can be resolved. Procedures for addressing these issues, should they arise, could be documented in a comprehensive formal agreement.

Developing awareness

“We argue that collaborative farming arrangements have the potential to contribute to generational renewal in the Irish agricultural industry,” continues Michael. “As such, their prevalence in Irish agriculture should be promoted.”

Policymakers could develop initiatives to increase farmer participation, taking into consideration the economic viability of farm enterprises. They could specifically target economically viable farm systems, or aim initiatives at lower income farm systems, which could be made more viable through collaborative opportunities.

While many benefits are associated with collaborative arrangements, the authors argue that farmers contemplating entering these should be aware of the challenges associated with them prior to establishment, and to recognise that such arrangements are not always successful.

Agricultural advisors who are involved in promoting the formation of, and assisting with the establishment of, collaborative arrangements also need to have a holistic understanding of how they operate so that they can educate farmers in this regard, concludes Anne. “We believe our findings will assist in developing this holistic understanding, help to create an awareness among farmers of these issues and contribute to the development of collaborative arrangements to address the generational renewal challenge.”

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Contributors

Michael Hayden

Assistant Professor of Accounting, Maynooth University, Kildare.

Anne Kinsella

Senior Research Economist

Rural Economy and Development Programme, Teagasc Athenry.

anne.kinsella@teagasc.ie

Mika Shin

Postdoctoral Researcher

Rural Economy and Development Programme, Teagasc Athenry.

Bridget McNally

Associate Professor of Accounting, Maynooth University, Co. Kildare.