The importance of succession on business growth: A case study of family farms in Switzerland and Norway*

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Abstract
This paper develops the hypothesis that the level of growth or decline of small family farms is strongly connected to the farms’ succession process. Around the process of intra-family succession, both disinvestment in cases of farm abandonment or conversion to part-time farming and investment activities in case of transfer to the next generation reach the highest levels. This hypothesis is confirmed for four different growth indicators using Swiss and Norwegian farm data for the period 2004 to 2009. Management strategy is another significant factor explaining business development, whereas growth and shrinking processes are accelerated by a high degree of specialization.

Keywords: Growth, Family Life Cycle, comparative research

JEL classification: L25, Q12, R29

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