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## Artículo

Family farm and family business:  
Distinction and transition between concepts

Agricultura familiar y empresa familiar:  
distinción y transición entre los conceptos

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## Abstract

**Objective:** Explore the conceptual limits between the family farming unit and the agricultural family business to identify the elements that determine the transition from one figure to another. **Methodology:** The distinctive elements between both concepts were determined from the most relevant definitions reported in the literature. Subsequently, the transition from a family farming unit to an agricultural family business was illustrated based on the case study of an enterprise dedicated to the production and collection of barley in Hidalgo, Mexico. **Results:** Seven distinctive elements were identified between the family farming unit and the agricultural family business. Two elements (the scale of production and productive diversification) drive the transition, three are modified consequently (the source of labor, the priority destination of productive activity, and the strength of the link with agricultural land), and the remaining two are carried out infrequently (assignment of a non-family member as main head and disengagement of family members from community life). **Limitations:** The findings of the study lack statistical representativeness as they come from a case study. **Conclusions:** The seven distinctive elements between a family farming unit and an agricultural family business can be used to study the phenomenon of entrepreneurship around agriculture and to typify agricultural units to design differentiated strategies for political intervention.

**Keywords:** regional development, family farming, family business, agricultural entrepreneurship, agricultural unit, rural enterprise.

## Resumen

**Objetivo:** explorar los límites conceptuales entre la unidad de agricultura familiar y la empresa familiar agropecuaria para identificar los elementos que determinan la transición de una figura a otra. **Metodología:** los elementos distintivos entre ambos conceptos fueron determinados a partir de las definiciones más relevantes que se reportan en la literatura. Posteriormente, se ilustró la transición desde unidad de agricultura familiar a empresa familiar agropecuaria con base en el estudio de caso de una empresa dedicada a la producción y acopio de cebada en Hidalgo, México. **Resultados:** se identificaron siete elementos distintivos entre la unidad de agricultura familiar y la empresa familiar agropecuaria. Dos elementos impulsan la transición, tres son modificados consecuentemente y los dos restantes se realizan con poca frecuencia. **Limitaciones:** los hallazgos del estudio carecen de representatividad estadística al provenir de un estudio de caso. **Conclusiones:** Los siete elementos distintivos entre unidad de agricultura familiar y empresa familiar agropecuaria pueden ser empleados para estudiar el fenómeno de emprendimiento en torno a la agricultura y para tipificar a las unidades agropecuarias con el fin de diseñar estrategias diferenciadas de intervención política.

**Palabras clave:** desarrollo regional, agricultura familiar, empresa familiar, emprendimiento agropecuario, unidad agropecuaria, empresa rural.

## **Introduction**

Agriculture contributes to Mexico's economy with 34,369 million dollars, representing 3.4% of GDP (INEGI, 2022). Of the economic units belonging to the Mexican agricultural sector, 81.3% are considered family farming units, and a percentage very close to 100 are considered family businesses (Muñoz-Rodríguez et al., 2018). The family farming unit and the family business are the predominant organizational figures in global agriculture (FAO, 2017). However, both figures lack a precise and universally accepted definition, which is why there is also controversy between their similarities and differences. This work explores the conceptual limits between the family farming unit and the agricultural family business to identify the elements that determine the transition from one figure to another.

Achieving the study's objective is important since both internationally (FAO, 2014) and in Mexico (Muñoz-Rodríguez et al., 2018), it has been proven that policy and intervention efforts are more effective when applied in a focused way. In Mexico, agricultural production units have been classified for these purposes based on characteristics such as the scale of production, level of market incorporation, technological degree, and level of social connection (Camacho-Villa et al., 2023; Carrasco-Pérez et al., 2022; Vargas-Canales et al., 2018). Official organizations are based on these criteria to stratify rural economic units into six groups: i) subsistence families without ties to the market; ii) subsistence families with ties to the market; iii) in transition; iv) businesses with fragile profitability; v) business; and vi) dynamic business (FAO-SAGARPA, 2014). However, no work draws the limits between family farming and family business, concepts that share some features and are often used as equivalents.

To meet the objective, the work carries out a conceptual review to identify the elements used in the definition of family farming and family business. Subsequently, the study is based on a case study design to explore the transition between organizational figures. Other studies have already generated relevant evidence on the evolution processes of family farms based on case studies (for example, Islas-Moreno et al., 2023; Seuneke et al., 2013). The data comes from interviews conducted with the founders of a family business dedicated to the production and collection of barley in Hidalgo, Mexico.

In the conceptual review, the study manages to identify seven distinctive elements between the definitions of family farming and family business. Such elements are used to illustrate the transition from the figure of a family farming unit to the figure of an agricultural family business. Based on the case study, two elements that drive the transition are identified (the scale of production and productive diversification). Three elements are modified consequently (the source of labor, the priority destination of productive activity, and the strength of the link with agricultural land). Finally, in two aspects, the transition becomes more difficult and infrequent (assignment of a non-family member as main head and disengagement of family members from community life).

The article comprises five sections, of which the first is the present introduction. The second section presents a conceptual review of the definitions of family farming and family business. The third section explains the design and methodological procedures on which the study is based. The fourth section presents the results and their discussion. Finally, the fifth section formulates the conclusions of the work, as well as some implications for policy, practice, and education.

## *Conceptual review*

### *Family farming*

There is no single definition for family farming. Different nations and organizations use various quantitative and qualitative variables to define it. Regardless, there is consensus about its origin found in the peasant economy, which is characterized by not being typically capitalist and therefore: i) it does not rely on wage labor; ii) their capacity is determined by the composition and coordination of the farmer's family; iii) its stimulation lies in satisfying the subsistence needs of the family and the production unit (use value), not in the maximization of profits (exchange value); and iv) a close bond develops between the peasant family, the territory and the rules and culture that guides them (Chayanov, 1931).

The first definitions of family farming emerged in the first half of the 20th century in developed countries such as the USA. In the middle of that same century, the first definitions emerged in the context of Latin America. In the first definitions, features of the peasant economy stand out, such as the absence of salaried work, the predominance of family work and the capacity of the production unit to provide sustenance to the family through income and food (Maletta, 2011). Later, new features were incorporated into the definition, such as the fact that productive and economic administration is a task assigned to the head of the household, the property is inherited within the family, the generation of a bond with the culture and rural community is recognized and is limited with respect to the size of the farm, with family farming being highly associated with the smallholding (Garner & De la O, 2014).

Within the declaration of 2014 as the year of family farming by the FAO, this organization defined: "Family Farming (including all family-based agricultural activities) is a way of organizing agriculture, livestock, forestry, fishing, aquaculture, and grazing, which is managed and operated

by a family and, above all, which depends predominantly on family work, both women and men. The family and the farm are linked, co-evolve and combine economic, environmental, social and cultural functions” (FAO, 2014).

With his theory of the new peasantry, Van der Ploeg (2018) introduced the concept of entrepreneurship within the definition of family farming, highlighting that peasant families express their entrepreneurial behavior by combining their resources (land, animals, genetics, and machinery) to improve their production units and strengthen the local rural economy. Additionally, the theory of the new peasantry recognizes a sociocultural dimension in family farming. The property is conceived not only as a place of production but as the environment in which children grow up in close contact with agriculture and nature. It is emphasized that knowledge, traditions, and customs are transferred via intergenerational interaction. Finally, participation in community life is identified as an additional distinctive.

### *Family business*

Like the family farming concept, the family business concept lacks a precise and universally accepted definition. The consensus that does exist is that family businesses are distinguished from other types of organizations by the motivations and interests that stimulate their members, how they are governed, and the particular resources they have (Poletti-Hughes & Williams, 2019; Siebels & Knyphausen-Aufseß, 2011; Suess, 2014). Farms have been considered one of the most common types of family businesses in the world, and an attribute that is classically used to give them this name is the tendency to transfer the business through intergenerational succession (Keating & Little, 1997).

The consolidation of the family business as an independent field of study dates to the 1990s. One of the first definitions indicates that family businesses are those in which the property is controlled by a family, at least two family members participate in management, and family members and non-family employees participate in the operation (Tagiuri & Davis, 1996). The first definitions also highlight that family businesses can be large or small and establish as characteristics the fact that the founder or another family member participates as CEO, president, or main head of the organization, relatives of this person in charge are employed, and among those involved, there is awareness that it is a family business (Davis & Harveston, 1999).

Sharma's (2004) definition emphasizes that although the family can participate in the daily operation of the enterprise, its fundamental participation is at a more strategic level. At this level, the functions focus on determining the vision, values control, and governance mechanisms of the enterprise, as well as decision-making at the highest level. Likewise, when defining the family business, unique conditions are integrated by the family's participation. Among these conditions is the generation of particular resources and capabilities (Sharma, 2004) and the organizational complexion derived from the coexistence of three entities: the business (and its economy), the family (and its society), and the property (Litz, 2008).

The desire for intergenerational transfer is another trait highly present in the concept of family business (Belausteguigoitia Rius, 2012; Litz, 2008). Throughout the succession and inheritance process, the intentions to transmit the vision, values, knowledge, and behaviors from one generation to another have also been highlighted as distinctive features of family businesses (Siebels & Knyphausen-Aufseß, 2011). For this reason, some authors have added a more spiritual touch to the conceptualization of the family business by describing it as “a company with a soul, given that the heart of families is in them” (Belausteguigoitia Rius, 2012).

More recent definitions maintain the central idea of property and administrative control in the hands of a family and influenced by its members (Matias & Franco, 2021; Pounder, 2015). However, the most current concepts add thresholds to determine family character. Based on this, a company is defined as a family when at least two family members actively participate in the ownership and/or administration and/or operation (Belausteguigoitia Rius, 2012; Matias & Franco, 2021), and therefore, the family ties and their implications influence the decisions and behaviors followed within the organization. It should be noted that recent studies identify family businesses even when their CEO, president, or main boss are external members selected by the owning family (Arteaga & Escribá-Esteve, 2020; Motylska-Kuzma et al., 2022; Sacristán-Navarro & Cabeza-García, 2020).

Finally, the relationship between diversification and the family business in the agricultural sector is interesting. Diversification refers to carrying out two or more productive activities, commercial risks, and optimizing the resources of agricultural families (de Roest et al., 2018). It is striking that when referring to the agricultural family business, it is recognized that the unit can diversify its productive and commercial activities; even outside the borders of the agricultural sector, activities can be carried out by various household members (Dias et al., 2022). For example, the study by Islas-Moreno et al. (2023) analyzes the entrepreneurial actions of agricultural families, which include business entrepreneurship outside of agriculture and its directly associated resources (for example, land, plant and animal genetics, and landscape).

## **Methodology**

The study is based on the case study methodology, which is appropriate for deeply examining behaviors in social phenomena (Yin, 1994). Case studies have been successfully implemented to

study behaviors in psychology, law, education, politics, and business (Flyvbjerg, 2014; Greenhalgh, 2007; Villarreal, 2017). The potential of case studies to examine behaviors lies in their proximity to the actors involved and in the fact that they study the phenomena within the natural context in which they occur (Yin, 1994).

The case study corresponds to an agricultural sector enterprise dedicated to barley production in Hidalgo, Mexico. Barley production in Mexico has been increasing, and historically, Guanajuato, Hidalgo, and Tlaxcala have positioned themselves as the main producing states (Figure 1). In 2020, Hidalgo contributed to the production of 220,374.75 tons of grain, representing 25.5% of national production (SIAP, 2020). The barley sector is suitable for studying the transition from family farming to family business due to the technological and commercial dynamism developed as a result of the establishment and consolidation of the malting and brewing industries (González González, Miguel Zamora Díaz, Mauro R. Solano Hernández, Salomón Huerta Zurita et al., 2021; Vázquez-Alfaro et al., 2021).

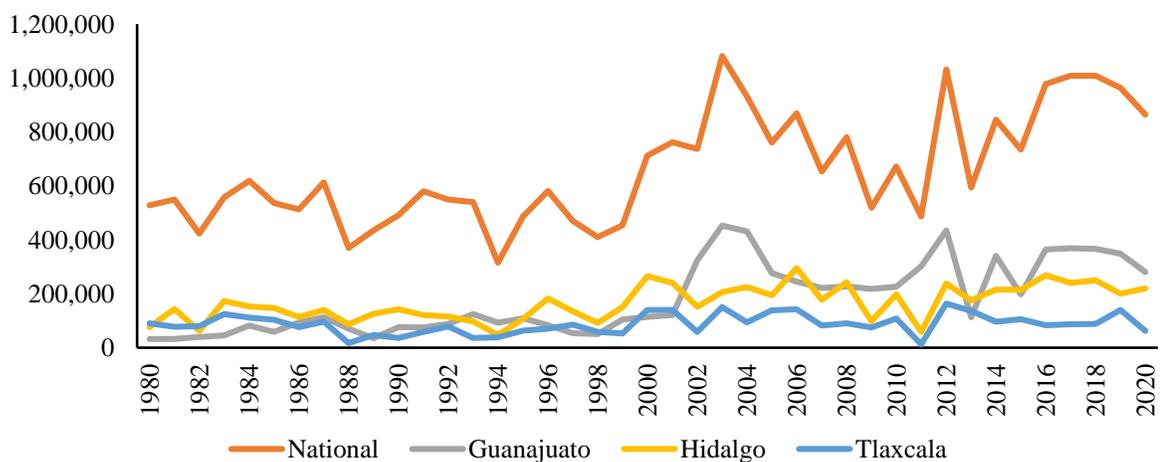


Figure 1. Barley production in Mexico (tons). Source: Prepared based on data reported by SIAP (2020).

The unit analyzed was selected based on the research purpose (Hernández et al., 2014), which was to illustrate the transition from family farming to family business. In a previous study (Islas-Moreno et al., 2023), success cases were identified in the agricultural, livestock, and agroindustrial sectors in Hidalgo. Among twenty cases, the enterprise studied in depth in this work was included and identified as the most appropriate to fulfill the research purpose. At the same time, the case provided high learning opportunities (Stake, 1999) due to the willingness shown by its founders to share information about the origin and evolution of the family business.

The data for the study were obtained from interviews, a collection technique that is most usually used in research based on case studies (Eisenhardt & Graebner, 2007). The interviews were conducted face-to-face with the family business founders analyzed in June 2022 at the organization's facilities. The founders, who are a married couple, were interviewed separately to avoid bias due to the influence that may be exerted between them (De Massis & Kotlar, 2014). The interviews were recorded in audio format with prior authorization from the interviewees. The recordings accounted for 5 hours and 27 minutes of audio. Subsequently, the information was transcribed to make a detailed recovery. The interviews followed an open format because, in this way, the social actors could express in detail the aspects they considered relevant to the phenomenon under study (Yin, 1994). To extract data on the transition from a family farming unit to an agricultural family business, three batteries of precursor questions were formulated based on studies on entrepreneurial trajectories within the agricultural sector (Islas-Moreno et al., 2023, 2024). The batteries of questions were:

1. What is the current situation of the family business?

- 1.1 Who participates?

- 1.2 What productive and commercial activities are carried out?

- 1.3 What assets does the family business have?
2. What is the origin of the family business?
  - 2.1 In what year was it founded and by whom?
  - 2.2 With what assets did the business begin to operate?
  - 2.3 What productive and commercial activities were carried out at the beginning?
3. What key events took them from the initial state to the current state?
  - 3.1 What investments were made?
  - 3.2 What people were incorporated?
  - 3.3 What new productive and commercial activities were incorporated?
  - 3.4 What decisions were highly significant?

The data were analyzed through open and axial coding (Strauss & Corbin, 1998). During this procedure, each text segment of the transcripts was reviewed and linked to one of the elements identified in the conceptual distinction of “family farming” and “family business” (Table 1). Subsequently, the information was arranged chronologically and presented sequentially to illustrate the transition from a family farming unit to an agricultural family business. Additionally, key testimonies issued by the founders were cited to deepen the empirical richness of the study (Eisenhardt & Graebner, 2007). To preserve the interviewees' privacy, their names were changed to fictitious ones.

Table 1.  
*Distinctive elements of the key concepts*

Family farming	Family business
1. Family labor	1. Family and non-family labor
2. Prioritization in use value	2. Prioritization in exchange value
3. Small scale production	3. Small- or large-scale production
4. The main head in charge of administration is the head of the family	4. The main boss can be family or non-family
5. Emotional ties with land throughout the life cycle	5. There are not always emotional ties to specific places
6. Participation in community life and contributions to it	6. Contributions to communities are not always present
7. Productive diversification based on resources associated with agriculture	7. Productive diversification based on or apart from the resources associated with agriculture

Source: own elaboration based on the conceptual review presented in the previous section.

## Results and discussion

The foundation of the unit analyzed dates to 1979, when Daniel and Clara married at 25 and 24, respectively. Daniel comes from a family of eight siblings, of which he was the sixth in order of age. For her part, Clara comes from a family of eleven siblings, of which she is the fifth in order of age. Daniel studied until the sixth year of elementary school, and Clara completed a commercial degree in secretarial and accounting assistant. Together, they developed their agricultural unit to such an extent that in 2023, they sold around 6,000 tons of barley directly to the Heineken group. At the same time, the couple formed a family that gave rise to three descendants: Roberto, Verónica, and Jorge, who in 2023 were 44, 39, and 35 years old, respectively.

Between the foundation year and the data collection time, the agricultural unit has transitioned from a character highly attached to the concept of family farming to a form mostly associated with the family business. As indicated in Figure 2, the unit has moved through five of the seven elements that in the literature were identified as distinctive between both concepts: i) the scale of production, ii) productive diversification, iii) the source of labor, iv) the priority destination of the productive activity and v) the strength of the link with the land. The elements were listed

according to their order of chronological evolution in the case studied. Likewise, Figure 2 indicates that the agricultural unit retains features associated with family farming in the two remaining aspects: vi) assignment of a family member as the main head of the unit, and vii) high participation of members in community life.

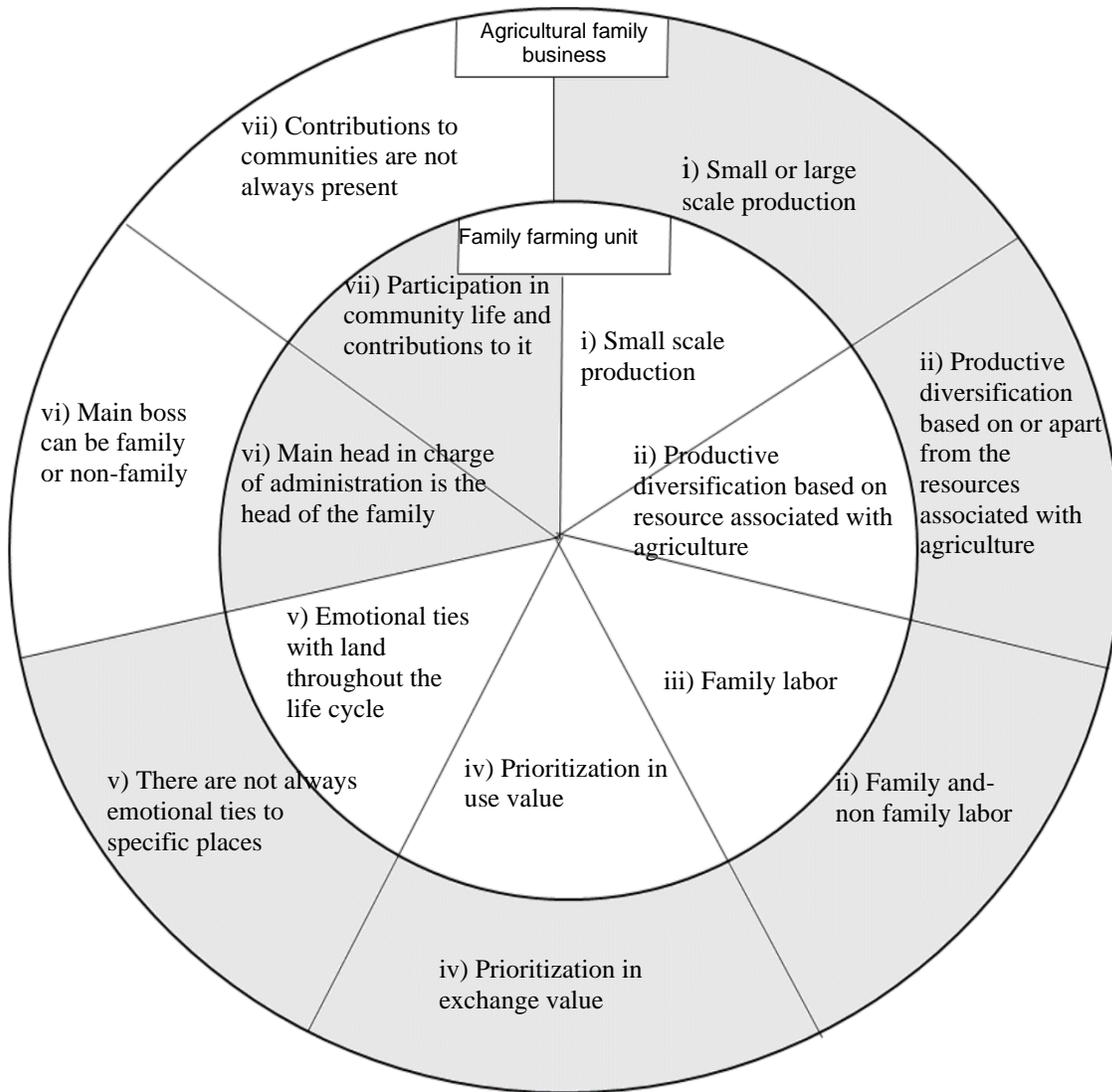


Figure 2. The transition from family farming to family business: The case of a unit dedicated to barley production in Hidalgo, Mexico. Source: Prepared by the authors with information from 2022.

*Elements in which the transition to an agricultural family business has been made*

In 1972, Daniel, still single and 17 years old, was already producing barley on a four-hectare plot he rented. 1979 Daniel added five hectares to his production when he bought a plot for one of his

siblings. Therefore, when Daniel married Clara in 1979, the couple had nine hectares of agricultural land, five of their own and four rented. Daniel and Clara's first child (Roberto) was born in the same year. Initially, the family produced barley taken in sacks by a small truck to Mexico City. “When the malting plant rejected the barley for not meeting the required weight and humidity, we had to sell it to the feed plants (for animals), or even return it to sell it locally” (*Cuando las malterías nos rechazaban la cebada por no cumplir con el peso y la humedad, teníamos que venderlas a las plantas de alimentos o incluso regresar para venderla aquí*), Clara says. “As barley production was not technical, there were low yields and little profit was made” (*Antes la producción no estaba tecnificada y entonces se sacaba poco y se ganaba poco*), recalls Daniel.

In 1984, Verónica, the second daughter of Daniel and Clara, was born. Faced with the family's growth and barley production being unprofitable, it was necessary to look for alternatives. This is how, in 1987, a trailer was acquired, an asset that allowed diversifying activities and optimizing family work. “He (Daniel) went with the trailer to offer transportation services during the corn and sorghum harvest seasons, and he left me in charge of carrying out the fumigations in the barley fields” (*Él se iba con el tráiler a las cosechas de maíz y sorgo y me dejaba a cargo de las fumigadas*), Clara testifies. Clara was also in charge of a small *tinacal*, the establishment's name for which *pulque* is made from the fermentation of nectar extracted from different species of agave.

In 1988, Jorge, the third child of Daniel and Clara, was born. Once again, the family's growth motivated the search for greater income to support the home. One way was through the gradual growth of the scale of operation in barley cultivation (the first transitive element between the family farming unit and agricultural family business). “Within the period from 1980 to 1998, we bought an average of five hectares of land each year” (*De 1980 a 1998 compramos cinco hectáreas promedio por año*), says Daniel. Thus, in 1998, the family had accumulated close to 100

hectares of cultivation area, a scale that exceeds the threshold of the small barley production unit and corresponds to farmers labeled as medium (Vázquez-Alfaro et al., 2021).

Another way to increase income was establishing a new business outside the agricultural field (the second transitive element between the family farming unit and the agricultural family business). In 1990, Daniel and Clara stopped operating the *tinacal*. Daniel concentrated on agricultural work with barley and transportation services, while Clara started a business selling construction materials in 1998 and employed up to eight people. The diversifying role of women in agricultural enterprises has been recognized and explained by their background, experience, and skills unrelated to agricultural production (Gittins et al., 2022; Lans et al., 2017). Such is the case of Clara, who, with her training in administrative matters, found the flexibility to develop a new activity independent of agriculture.

The business of selling construction materials was fundamental in developing the family business. First, it allowed the family to provide sustenance and thus be able to allocate the profits generated from the production of barley to continue with growth in scale and the accumulation of wealth through the purchase of agricultural land. Similar coordination between agricultural and non-agricultural activities has already been documented in studies on agricultural entrepreneurship (Islas-Moreno et al., 2023; Morris et al., 2017). Second, diversification is essential for the family business to attract and retain family members by offering employment opportunities for them (Pounder, 2015). In fact, in 1998, Roberto, at the age of 19, started working at the materials store run by Clara.

It was only for a few months that Roberto worked with his parents. He then sought fortune by migrating to the US for eight years. For their part, Verónica and Jorge studied their professions in Mexico. Verónica studied international trade, and Jorge studied two degrees, one in philosophy

and literature and the other in public administration. With their children busy with their personal and professional careers, Daniel and Clara needed external salaried workers (the third transitive element between the family farming unit and the agricultural family business). As the cultivated area grew, hiring some people was necessary to help with the agricultural work.

When she was single, Clara worked as a secretary and knew the importance of having proper administration, so she convinced Daniel to hire two people to help with administrative tasks. “It was already enough to pay a secretary and an accountant; I told him that he (Daniel) mastered the technical part related to barley production, but not the administrative part, and he couldn't be involved in everything” (*Cuando ya daba para pagarle a una secretaria y a un contador le dije a él que era experto en la parte técnica, pero no en la parte administrativa y no podía andar en todo*), Clara mentions. It is easier for women to look at other needs since they do not usually anchor themselves to the purely productivist vision that dominated agriculture for decades (Seuneke et al., 2013). The benefits of incorporating personnel in the administrative part were immediate, as it prevented errors from being made in the delivery of barley.

Between 2000 and 2011, the growth in the area used for barley production continued. In this period, around 60 hectares were acquired, making 160 in the hands of the family. Along with this, a series of technologies associated with soil fertilization, mechanization of work on the plots and improved varieties were integrated, increasing crop productivity. “Production grew up to 50% thanks to the inputs and the help of the machines” (*La producción creció hasta 50% gracias a los insumos y la maquinaria*), says Daniel. In turn, higher productivity and better profits allowed them to expand the scale of agricultural production again by acquiring 40 more hectares in 2016, bringing the total to 200 hectares, which the family business had in 2023. With that production size, the unit can be classified as large according to the segments identified by Vázquez-Alfaro et al. (2021).

The greater profitability in growing barley allowed the family to take the next step. In 2012, they established their own warehouse for the collection of barley. The insertion of the unit into the stockpile of barley produced by other farmers and the direct link with the brewing groups for the commercialization of the grain mark an important transition (fourth transitive element between family farming unit and agricultural family business). “What better than having our own collection centers and producing under contract with brewing companies” (*Qué mejor que tener nuestras propias bodegas y producir con contrato con las cerveceras*), says Daniel. In the same sense, the literature indicates that the most economically and organizationally advantaged farmers enjoy the benefits of contract farming (de Roest et al., 2018).

The inclusion of barley collection indicates a greater orientation towards profit maximization and, therefore, greater stimulation by exchange value and not use value. Subsequently, this orientation was strengthened in 2019 when a second warehouse was acquired to collect and distribute barley. In 2023, the enterprise sold 6,000 tons of barley directly to the Heineken Group, of which 5,100 (85%) correspond to grains from other farmers. Like diversification and contract farming, incorporating value-adding activities such as collection is linked to agricultural families that have achieved a certain degree of economic and competitive consolidation (Islas-Moreno et al., 2023).

Finally, based on the circumstances previously explained and the monitoring given to the unit analyzed, we consider that the link between the family members with the agricultural land has been modified (fifth transitive element between the family farming unit and agricultural family business). When Daniel and Clara initially worked nine hectares, the bond between the plots they worked on, and their nascent family's sustenance was undoubtedly strong. However, as they accumulated more agricultural land and hired workers to operate it, the link did not maintain the

same strength. Furthermore, likely, the descendants do not have the same level of attachment as their parents (De Massis et al., 2013) due to the considerable period that they remained outside the operation and administration of the business during the time they carried out their professional studies and worked in other places.

*Elements in which the character of a family farming unit has been preserved*

There are two features in which the analyzed unit is more firmly attached to the concept of family farming. These are the assignment of a family member as the main leader and the high participation of the unit members in the community life of the place where it is established. Although the family business is highly dominated by family control in both ownership and senior management positions, the definition does not exclude the possibility that such tasks may be delegated to a person outside the family. In fact, in literature, many studies debate the convenience and effects of such delegation to highly capable actors not belonging to the family (for example). In the case analyzed, the main leader has always been Daniel, the patriarch and founder of the unit. And since 2011 Jorge joined the unit and since then has been in charge of administrative and commercial matters. Everything seems to indicate that Jorge will later become the main head of the agricultural unit. Therefore, this position will remain in the hands of the family.

A similar situation occurs regarding the participation of the unit members in community life. It is common for members of family businesses to be characterized as highly active in the social and cultural activities of the place where they are established (Casillas et al., 2018). However, the definition of a family business is not subject to such rapport. Therefore, we consider that the fact that Daniel, Clara, and their three descendants maintain active roles in community life is a trait more firmly associated with the concept of family farming. As a reflection of community

participation, Clara shared: “Many people here look for us when they have a sick family member and need some money. We have also helped several young people who were unjustly imprisoned. They also look to us for advice, even if we are not part of the same family” (*Mucha gente nos busca cuando tienen a un familiar enfermo o necesitan dinero. También hemos ayudado a muchos muchachos cuando son injustamente detenidos. También nos buscan para un consejo incluso aunque no seamos de la familia*).

#### *Shared traits between family farming unit and agricultural family business*

It is important to point out and discuss some elements that, based on the literature review and the case study analysis, can be established as common features between the concepts of family farming unit and agricultural family business. The first dominant feature in both concepts is the family's involvement, which has always been present in the case analyzed. The difference at this point is that in the family farming unit, household members are the exclusive source of labor (Chayanov, 1931) for agricultural activity and other activities associated with field resources (FAO, 2014). Meanwhile, in the family business, family members have most of the ownership and control, but work and even some positions associated with senior management can be occupied by people outside the family (Belausteguigoitia Rius, 2012; Schulze et al., 2001). Furthermore, in the family business, the involvement of household members can go beyond the agricultural border and include economic activities in other sectors (Islas-Moreno et al., 2023).

A second common feature between both concepts is the desire for intergenerational transfer. That is, the owners of the family farming unit and the agricultural family business seek to ensure that their agricultural activity, along with their assets and operations, transcend over time, and they seek for this to be done under the tutelage of one or some family members, frequently direct

descendants (Garner & De la O, 2014; Keating & Little, 1997). Although in the family business, the figure is not lost with the transfer of management to a non-family actor, what is known is that there is a desire among family business owners to hand over management, preferably to a family member (Keating & Little, 1997). In the case analyzed in this work, that same desire is perceived and reflected in the fact that a son of the current boss is emerging as a successor in that position.

The last trait shared between both concepts is related to the transmission of values, knowledge, and behaviors between generations. Both in the family farming unit and in the agricultural family business, there is a desire among the owners that their successors, preferably their children, replicate attitudes, skills, and styles that they possess and promote (Woodfield & Husted, 2017). For example, in the case study, Daniel especially seeks his children (Roberto, Verónica, and Jorge) to continue barley production. However, it is important to note that the flow of ideas between generations encounters some points of conflict. “My dad likes traditional ways of producing more and is reluctant to adopt new technologies and practices that are necessary to move forward” (*A mi papa le gustan las formas tradicionales de producir y es reacio a adoptar nuevas tecnologías y prácticas que son necesarias para avanzar*), Jorge shares. With “move forward”, Jorge means obtaining the sustainability certifications that Grupo Heineken promotes among its suppliers.

## **Conclusions**

The study explored the conceptual limits between family farming and the family business, two constructions of great practical relevance for agriculture. As a first contribution and based on the definitions recorded in the literature, the study identifies seven distinctive elements between both concepts: i) the scale of production, ii) productive diversification, iii) the source of labor, iv) the

priority destination of the productive activity, v) the strength of the link with agricultural land. vi) the assignment of a family member as the main head of the unit, and vii) the participation of members in community life. Identifying these elements is relevant from a conceptual point of view because, as mentioned, the concepts of family farming unit and agricultural family business are usually used as equivalent terms. In this sense, our work presents at least seven reasons why the concepts are not necessarily equivalent.

By examining a case study based on the distinctive elements, it is possible to illustrate the transition from a family farming unit to an agricultural family business. Therefore, the second contribution of the study is to indicate a sequence through which the transition is made. According to the findings, the growth in the scale of agricultural production and productive diversification inside and outside of agriculture marks the first steps in transitioning from a family farming unit to an agricultural family business. Subsequently, growth in business volume and diversity drives change in other aspects. With more diverse activities carried out on a larger scale, hiring labor from outside the family is required, and the maximization of profits becomes the priority objective of efforts instead of seeking only family sustenance. Likewise, as the productive scale grows and new businesses emerge, the link strength between family members and agricultural land decreases.

The assignment of a person from outside the family as the main head and the disengagement of family members from community life seems to be the most difficult steps to take in the transition. Such actions are completely unrelated to the concept of a family farming unit. Although they fit within the figures of an agricultural family business, the reality indicates that the cases they are carried out are a minority. Therefore, these two traits can be considered critical elements that indicate the complete transition from a family farming unit to an agricultural family business.

The study's findings have implications that can be leveraged for policy, education, and practice. In terms of public policies, the study provides a framework with seven categories that can be used to classify agricultural production units beyond the traditional measures used until now (for example, scale, technological degree, and market linkage). With our framework of seven transitive elements, agricultural units can be classified within a spectrum that ranges from the purest figure of a family farming unit to the most flexible figure of an agricultural family business. This classification would be very useful because it is more complete than the existing ones. The most frequently used aspects, such as the scale of production and the degree of connection with the market, are integrated. In addition, elements relating to economic diversification, the source of labor, the emotional link with agricultural properties, the level of participation in community affairs, and the nature of the main leader in charge are incorporated.

On the other hand, the distinctive categories between a family farming unit and an agricultural family business can help chart the path entrepreneurs follow in the agricultural sector. Charting the path in these terms offers a good guide that can be included in entrepreneurial training programs for students and practitioners related to agricultural activities. Offering a guide to analyze the entrepreneurship process and its level of evolution is important since there are few tools for studying and training such an important phenomenon within the agricultural sector. For this reason, scholars and practitioners of entrepreneurship processes within the agricultural sector have found themselves needing to borrow tools emerging from the general economic approach, which do not address the particularities present in agricultural activities.

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