From Traditional to Off-farm Equity Financing in Family Farming: Evidence from Australia

A Thesis Submitted By

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ABSTRACT

This research aims to explore how family farms shift their traditional financing models towards off-farm equity financing. To achieve this aim, semi-structured (in-depth) interviews were conducted with four family farms engaged in the off-farm equity process, and with fourteen farm advisors who are actively engaged in advising farms and off-farm investors in establishing off-farm equity alliances. Following the aim of the study, this thesis follows the publication[1] style of Ph.D. thesis presentation. The first-person style of academic writing is used, as preferred in qualitative inquiry, in reporting the research process, evidence, and interpretation, across the whole thesis. Three different but interconnected papers reflect interpretive findings from the empirical evidence on off-farm equity capital in the Australian family farm industry. The reflexive interaction between extant literature about off-farm equity capital in family farms and interpretive findings led to the following research questions to achieve the above overarching aim:

i. Why do family farms and off-farm equity investors differ in their views and how can these competing views be managed (Paper 1)?
ii. Why and how do family farms divert their traditional financing path into off-farm equity path (Paper 2)?
iii. How can family farms institutionalise their governance and reporting structures for accessing to off-farm equity (Paper 3)*?*

Paper one, based on advisors' experiences, addresses the competing views of farms and off-farm investors in the off-farm equity alliance and the mechanism through which these competing views could be minimised. Based on the interpretative thematic analysis, findings show eight pairs of opposing arguments between family farms and off-farm investors that might inhibit the flow of equity to family farms from off-farm equity investors. These competing views are: emotional vs. commercial, cost vs. profit, instinctive vs. reasoning, continuous vs. cessation, financial vs. non-financial literacy,

[1] These "papers will have been published, accepted, submitted or prepared for publication during the period of candidature" (http://policy.usq.edu.au/documents/151774PL)

lower vs. higher scale, traditional vs. professional, and operational vs. capital efficiency. In each pair, the first element relates to farms' position and the second element indicates the investors' position. Paper one also identifies two different strategic responses: investment readiness and equity structuring, which are used by family farms to minimise the competing interest. Institutional logic theory and strategic response model were inductively selected to interpret these findings.

Paper two accounts the practical experiences of family farms for off-farm equity journey. An interpretative narrative analytical framework identifies five narratives about the off-farm equity process from the stories farms shared. These narratives towards new financing mix include motivation for change, soul reflecting, right capital and right partners, professionalization, and letting go and taking on narratives. Interpreting the narratives emerged in the second paper, through path dependent, path creation process and new path creation theory, the study outlines four- steps off-farm equity accessing process for family farms. This process covers: responding triggers, searching alternatives, spotting obstacles, and getting ready. Learnings from this path creation also helped family farms to be investment ready.

Paper three, grounded in both farms' and advisors' views, explores the governance process of family farms to access off-farm equity. An interpretative thematic analysis explores three elements of the governance process including governance culture, alignment and structure in the equity structuration process that lead family farms towards institutionalization. Following the institutional theory, this paper suggests a three-stage model of the governance process for family farms wishing to access off-farm equity. These three stages include transformation, formation, and intensification. Findings also suggest that a case by case governance and reporting practices, rather than a unique style of governance and reporting, seems to be more suitable for family farms wishing to access off-farm equity. In this paper, the researchers interpret off-farm investors and farm advisors together as a background institution in the off-farm equity setting, which inserts normative pressure on family farms to adopt a governance structure and reporting practices while accessing off-farm equity.

The philosophical position taken in this research was interpretive epistemology, which guided me to adapt qualitative interpretive methodology. I used the purposive and snowball sampling to select family farms and farm advisors engaged in off-farm equity accessing process, to conduct the in-depth interview. During the analytical phase, this study relied on both manual techniques and text analysis software. Analysis, findings, and interpretations of each paper were data driven.

One of the main original contributions of my thesis is to explore how family farms can shift their traditional financing models towards an innovative financing model, off-farm equity capital. Under this broader topic area, my specific contributions are three: first, this study gives empirical evidence regarding the barriers to off-farm equity alliance from the farm and investors perspectives, and how to build and sustain this off-farm equity alliance in the context of family farms. Second, my thesis demonstrates a path to off-farm equity, and how to overcome the hurdles in that new financing path for family farms. Third, my study shows how family farms can demonstrate their governance and reporting practices to off-farm investors to convince the investors that they can rely on family farms. In actualising these contributions, my research also contributed to the conceptual, theoretical, and methodological literature about farm and agricultural finance, equity alliance, family farms' institutional path dependence, path creation and institutional process of family farms. Policy implications are also discussed and are indicated for further research while acknowledging the limitations of this project.

THESIS CERTIFICATION

This Thesis is the work of Mohd. Mohsin, except where otherwise acknowledged, with the majority of the authorship of the papers presented as a Thesis by Publication undertaken. The work is original and has not previously been submitted for any other award except where acknowledged.

Mohd. Mohsin

Name and signature of the Candidate Date

Endorsed by Supervisory Team:

1. Professor Julie Cotter

2. Dr. Afzalur Rashid (Associate)

3. Dr. Claire Beattie (Associate)

Students and supervisors signature are held at the University of Southern Queensland, Australia

STATEMENT OF CONTRIBUTION

This thesis consists of three papers based on empirical findings. I declare that I have contributed to the most of each paper, as a Ph.D. candidate and as a principal investigator. I also declare that my supervisors have proportionately contributed to each of my papers. I have indicated the areas of the contribution in the following table. These contributions relate to all three papers.

Papers based on the thesis	**Contributors and areas of contribution**
1. Family farms alliances with off-farm equity investors: Managing competing logics ***(paper ready to submit)***	***Mohd Mohsin*** (Candidate and Principal investigator of the manuscript) Data collection established methodology and theoretical framework, data analysis, reviewing literature, writing, and compilation of manuscript, the creation of tables and figures.
2. Breaking financial lock-in in family farms through off-farm equity financing ***(paper ready to submit)***	***Julie Cotter*** (Principal Supervisor and Co-author of the manuscript) Involved in accessing interview participants, commented on data analysis and manuscript compilation, and supervised the content of the manuscript.
3. Governance structure of family farms in the context of off-farm equity financing. ***(paper submitted)***	***Claire Beattie*** (Associate Supervisor and Co-author of the manuscript) Assisted in methodological aspect, supervised theoretical aspects of analysis and findings, and assisted in manuscript editing.
	Afzalur Rashid (Associate Supervisor and Co-author of the manuscript) Supervised and assisted in manuscript editing.

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I am highly indebted to my Principal supervisor, Professor Julie Cotter, Director of ACSBD, USQ, for supporting my scholarship application from her Centre. Academically, she elevated my level of confidence from the very first day I met her. I received appreciation from her for every piece work, whatever the value of that work was. Her academic wisdom and intellectual advice compelled me to rethink every bit of this work and lead the project to the path of progress. Nevertheless, all possible limitations and mistakes in any part of this thesis are completely mine. My data collections stage would have been a nightmare without the direct support of Julie. She introduced to all informants and took me to interviewees across remote and urban Australia to conduct the interview.

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DEDICATION

To

MY LATE FATHER

I dedicate this thesis to the living memory of my father who breathed his last during the second year of my PhD journey. My beloved Father, thank you very much for your relentless support, love, and compassion in bringing me to this stage.

Published paper

1. Mohsin, M. (2015). Agribusiness financing in Australia: Issues and research agenda. *International Journal of Economics and Finance*, *7*(7), 1. (Note that this review paper has not been reported in this thesis but is related to my Ph.D. thesis.)

Unpublished paper: Drafted

1. Mohsin, M., Cotter, J., Beattie, C., & Rashid, A. (2018). Family farms alliances with off-farm equity investors: Managing competing logics. (Paper drafted and ready to submit).

2. Mohsin, M., Cotter, J., Beattie, C., & Rashid, A. (2018). Breaking financial lock-in in family farms through off-farm equity financing. (paper drafted and ready to submit)

3. Mohsin, M., Cotter, J., Beattie, C., & Rashid, A. (2017). Governance structure of family farms in the context of off-farm equity financing **(**Paper submitted to Family Business Review)

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List of Abbreviations

ABARES	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
ACSBD	Australian Centre for Sustainable Business and Development
AFI	Australian Farm Institute
ANZ	Australian and New Zealand Banking Group (Limited)
ASIC	Australian Securities and Investment Commission
CDB	Commonwealth Development Bank
CEO	Chief Executive Officer
DAFF	Department of Agriculture and Water Resources
DLF	Development Loan Fund
EU	Europeans Union
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GFC	Global Financial Crisis
IM	Information Memorandum
IR	Investment Readiness
JV	Joint Venture
KPMG	Klynveld Peat Marwick Goerdeler (Accounting Firm)
MES	Minimum efficient scales
MIS	Managed Investment Scheme
MOS	Minimum operating scales

NFF	National Farm Foundation (Australia)
NFI	National Farm Institute
NZ	New Zealand
NSW	New South Wales
OECD	Organization for Economic Co-operation and Development
PhD	Doctor of Philosophy
PIBA	Primary Industries Banks for Australia
POT	Pecking Order Theory (POT)
RIRDC	Rural Industries Research and Development Corporation (in Australian Agriculture)
RQ	Research Question
TLF	Term Loan Fund
TOT	Trade-off Theory
UK	United Kingdom
US	United States
USQ	University of Southern Queensland (Toowoomba, Australia)
WB	World Bank

CHAPTER ONE: INTRODUCTION

1.1.Introduction

Family farms cry out for access to sufficient finance, irrespective of economic settings. The year 2014 was celebrated as the year of family farming to consider this industry as the centrepiece of economic and business development right across the globe (Food and Agriculture Organization of the United Nations (FAO), 2014; Glover, 2015; Glover & Reay, 2015; Van Vliet et al., 2015). However, most family farms have been struggling under constant pressure to survive, grow, and expand owing to lags in financial capital (van der Ploeg, 2013; Snyder, 2012; Schnaiberg, 1980; Havelock et al., 1971; Cochrane, 1958). The Australian family farming sector, the empirical setting of this study, is no exception. The scenario of the 100 years old Australian farm and agricultural finance model, based on internal equity and bank debt, has also become less feasible in meeting its growth capital and working capital needs, at least for those farms that want to achieve scale and like to expand their business (Heath & Tomlinson, 2016; Sanyal, 2014; Australian Farm Institute (AFI), 2014; The Australia and New Zealand Banking Group (ANZ), 2014; ANZ & Port Jackson Partners, 2012). Traditionally, these two financing sources advanced the Australian farming industry by increasing farms' sizes, innovativeness, and successions, however, continuous structural changes (Mann, Freyens, & Dinh, 2017), have raised concerns about the sustainability of this traditional debt-dominated model (Heath & Tomlinson, 2016).

The excessive dependence on debt capital could be viable if farm producers had sufficient internal equity to support their farms and to service their debt obligations, which is unlikely to happen (Dwyer, Lim, & Murphy, 2004). Alternatively, access to sufficient long-term off-farm equity capital is believed, by agricultural finance scholars, to be one of the critical solutions to defeating family farms' financing pressures. Thus, this research is an attempt towards exploring alternative long-term finance, equity finance from off-farm sources in particular, in the context of the Australian farming industry. More specifically, this thesis explores how family farms shift their traditional bank-based financing models to off-farm equity models.

Financial capital is regarded as one of the enablers to farm, and agricultural development (Christy, Mabaya, Wilson, Mutambatsere, & Mhlang, 2009) as finance facilitates firms' growth, ensures survival, and enhances the likelihood of

implementing potential investment plans (Koropp, Kellermanns, Grichnik, & Stanley, 2014). Financing decisions are, therefore, considered to be a key component of family firms' strategic decision making because of their linkage with firms' sales, succession, and internationalization (Michiels & Molly, 2017). Financing strategies associated with traditional businesses may not work effectively in farming and agricultural businesses as farming is fundamentally different from other businesses. Over the last decade, this has been the most vulnerable sector due to climatic disasters, mainly affected by floods, droughts, storms, and others (FAO, 2015). Expected production shocks from nature, combined with the effects of unexpected shocks on production cycles, stages, and outcomes, make the farm and agriculture business unique as controlling risk goes beyond farmers' control (Gephart, Deutsch, Pace, Troell, & Seekell, 2017; Kahan, 2013; Errington & Gasson, 1994; Gasson et al., 1988). Historically, family farms all over the world use dichotomous sources of financing: internal equity and debt capital (Scofield, 1972). Many of the growing concerns have challenged the dichotomised funding model, such as- urgency to fight with natural shocks; emerging capital needs for farms business' capital intensity; declining profit pattern in farm businesses; farmers' expectation for better life; and farms' increased financial and liquidity risks stemming from excessive usage of debt (Featherstone, Ibendahl, Winter, & Spaulding, 2005; Errington & Gasson, 1994; Lowenberg-DeBoer, Featherstone, Collins, & Leatham, 1988; Scofield, 1972).

Motivated by the issues above, this research contributes to exploring an alternative financing model that includes off-farm equity capital in the context of Australian family farms. Methodologically and theoretically, this research responds to the call for using a qualitative methodology and institutional theoretical framework to gain a better understanding of family business financing decisions (Michiels & Molly, 2017; Soleimanof, Rutherford, & Webb, 2017) with a focus on off-farm equity in this study. This thesis contributes in three broader ways to the extant literature: First, this thesis explores the competing views of two main parties to an off-farm equity deal, namely the demanders (family farms) and suppliers (off-farm equity investors) (Michiels & Molly, 2017), and how these competing views could be managed (paper 1) . Secondly, this study sheds light on how family farms break their financial lock-in to traditional financing models and learn investment readiness through new path creation processes (paper 2). Finally, this research contributes to an understanding of governance

structure and reporting practices in off-farm equity deals, which in turn facilitates the relationship between family farms and off-farm investors (paper 3). The paper - specific contribution is indicated in each chapter in alignment with the broader aims of the thesis.

1.2.Core terminologies and use of the first-person style of academic writing

A clear understanding of off-farm equity financing strategy in family farms involves a combination of a different branch of knowledge. Thus, this thesis utilizes multidisciplinary terminologies including family business, family farms, traditional strategic alliance, institutional logics, strategic responses to institutional pressure in an organization, path dependency, organizational path creation, institutionalization, firms' governance, and reporting literature. Family farms as being a branch of family businesses are not beyond the theoretical and practical relevance of the financing decision aspects of family businesses and other non-family businesses, and some cross-disciplinary conceptual and theoretical ideas are therefore adopted throughout the thesis. Table 1 shows five common terminologies used in the papers and other chapters. Some other objectives and paper-specific terminologies have also been defined as necessary in specific chapters.

The first-person style of academic writing is used, as it is preferred in qualitative inquiry (Chenail, 2009; Webb, 1992), in reporting the research process, evidence and interpretation. This writing style is applied to the whole thesis. Use of "we" and "our" acknowledges the researcher's integrity (Chenail, 2009) and the contribution of principal investigator and supervisors, as detailed in the statement of contribution prior to each paper. However, this thesis is primarily the work of the candidate, who conducted most of the work.

1.3.Contextualization and historical background

To set the context of off-farm equity financing in family farms and agriculture, this study relied on the literature about US farm financing, as literature on other economic setting was relatively underdeveloped. Two reasons support the choice for selecting the case of US farming to create the case for Off-farm equity in this study. First, empirical works for understanding farm financing issues were less developed beyond the US, in comparable economies, like Australia, until recently. Thus, the Australian academic community may learn conceptual understanding from the US literature. Second, possibly more important than the first reason is that it was observed in the

review stage of the thesis that there are many structural similarities in agricultural changes and their influences on the trajectory of farm financing between Australia and the US. To limit the space in this chapter, some US-centric farm financing literature has been shown in appendix 1. Section 1.1 of appendix 1, summarises the contexts in which when and how: the US farm credit system emerges; the US farm sector immersed itself into credit crisis; policy directions developed into actions to cut the US farm credit crunch; limitations of farms' debt and internal financing models; and the emergence of a market-based farm financing model. More specifically, in this section of the appendix, reviews also demonstrate that off-farm equity has been suggested, for the first time in global farm financing history, as one of the policy weapons to defeat the US farm crisis. This reference point of off-farm equity usage by farm businesses has drawn the attention of academics, policymakers, and commentators concerned with farms and agricultural finance. From a broader perspective, this thesis is related to the conceptual ideas of US off-farm equity, which has been narrowed down to the Australian context.

Table 1: Core terminologies used in the study

Off-farm equity	Equity capital accessed by farms from private equity investors not related to family ownership and any other equity sources than internal equity or retained earnings. In this study, external equity is used as a synonym for off-farm equity (Thiele, 2017; Wang, Leatham, & Chaisantikulawat, 2002).
Off-farm equity alliance	An institutional setting of two autonomous stakeholders –family farms and off-farm investors who engage in an active process using shared roles, norms and structure to act (Gray & Wood, 1991). The following synonyms are also used throughout the research: off-farm equity collaboration, external equity partnership, off-farm equity alliance/joint venture
Family farms	Farms in which family members hold the ownership of land and other assets, enjoy decision making freedom on operational aspects (Van Vliet et al., 2015) and employ a small proportion of hired labor (Djurfeldt, 1996; Errington & Gasson, 1994).
Traditional farm financing sources	Refers to generational finance- internal equity, retained earnings-, short-term bank loan and credit services, medium-term bank loan, leasing capital and a long-term bank loan (Mishra &Moss, 2017; Heath & Tomlinson, 2016; Casson, 1999; Scofield, 1972).
Off-farm investors	Private investors who want to invest capital in family farms in expectation of future income or asset appreciation (Miller, Stucker, Smith, Krause, & Harrington, 1985). Different classes of investors are a wealthy individual, family offices, asset managers, merchant banks, pension's funds, private equity investors, and wealth management and hedge funds (Sippel, Larder, & Lawrence, 2017; Isakson, 2014; Miller et al.,1985).

To describe the context of off-farm equity in the Australian farm financing industry, we refer to subsections 2.1.to 2.5 under section 2 of Appendix 1. In these sections, this thesis outlines the historical evolution and contributions of Australian farms and agriculture; the fallen competitiveness picture of Australian farm businesses; the structural changes in Australian farms and agriculture, especially regarding farm financing structure. More importantly, reviews of these sections portray a picture of how, once established, the Australian public finance-based farm credit system was gradually replaced by a market-based credit system and why the traditional bank based Australian farm financing model cannot adequately address the financing needs of farm industry. Table 1 in appendix 1 shows the timeline of the farm financing credit system in Australia. These reviews lay the foundation of this thesis which explores why off-farm equity is another alternative form of farm financing that might satisfy long-term capital needs for the farms and industry.

Against a backdrop of these contexts of a changed farm credit system and challenges with the limitations of internal equity and debt finance mentioned above and in Appendix 1, Australian farm policy makers, academic and industry research, media commentators, industry stakeholders and professional farm advisors have focused renewed attention to exploring more suitable alternative capital funding models to ensure sufficient access to finance. To give a sense of the gravity of capital constraints in Australian agriculture, ANZ and Port Jackson Partners (2012, p.3) noted:

> "Farmers face significant challenges in raising sufficient capital to fund growth and support farm turnover." New structures for owning and operating farms need to be encouraged to attract investment from domestic and foreign sources and capital markets. These structures might include a rapidly evolving equity partnership, modern variants of share farming, and the use of off-take agreements".

ANZ and Port Jackson Partners (2012) has estimated a one trillion dollar of the capital gap ($600 billion for capital investment and $400 billion for operating investment) to capture an additional $1.7 trillion in agricultural exports by 2050. It is unlikely that the Australian banking system can finance such a volume of capital needs of Australian farming and agriculture. Hence, alternative financing is necessary.

To explore alternative financing models and other important issues, the Australian government has drafted the Australian Agricultural Competitiveness White Paper, 2015 (Commonwealth of Australia, 2015) reflecting government priorities on the basis

of 1000 submission from Australian farm stakeholders. Access to farm finance was one of the nine leading themes that government raised in the issue paper. Under the access to finance theme, five key issues were targeted for discussions: (1) how to attract private capital in farms better; (2) what are the best examples of innovative financing models for farms; (3) what drives farms to undertake new financing modes; (4) what business structure preserves farms' ownership; and (5) how foreign investment enhance farms' finance and productivity. While developing research questions for this thesis, I also reviewed the issue and white paper submissions that also reflected the needs for alternative financing model for Australian farm businesses.

1.4. Off-farm equity in Australian farms and agriculture

The need for sufficient equity capital in Australian agriculture was acknowledged in the early 2000s. A conference titled *Efficient Equity Credit Financing for the Rural Sector* was organised by the Rural Industries Research and Development Corporation (RIRDC) and revealed that external equity remained a neglected issue in the Australian rural capital market (for full conference proceedings see Dwye & Lim, 2001). During that conference, it became clear that there is potential for an off-farm equity market in Australia, but this source of finance is rarely used (Dwye & Lim, 2001). Conference commentaries expose the existence of barriers that do not motivate off-farm equity providers to supply equity capital in the Australian setting:

i. lower scalability of farms (generally less than $5million);
ii. lower profitability of farms (most of the farms earn below the benchmark rate of return 20%);
iii. high information cost of equity providers (in selecting the right farms);
iv. farms' fear of losing control in equity alliance;
v. rural-urban knowledge divide among partners, and negative media image of farms;
vi. farms' poor technological set up;
vii. farms' relatively long-term orientation; and
viii. no clear exit strategies.

From that period to the present, little is known about the modus operandi of off-farm equity in Australian agriculture, at least in the academic literature. However, anecdotal, and grey literature regarding off-farm equity alliance is growing.

Contemporary empirical work, anecdotal findings, and media coverage also show the rise of Australian family farms and agribusiness as an attractive choice for off-farm equity capital providers. In the academic domain, some studies (Sippel et al., 2017; Larder, Sippel, & Lawrence, 2015; Magnan, 2015; Sippel, 2015) has analysed

the injection of private capital, mainly from foreign sources, in family farm businesses. These scholarly works account for the recent development of private capital flows and models in Australian agriculture under the discourse of Agri-financialization, land grabbing, and food security. Much less is known about how family dominant farms access this private capital, off-farm equity in particular. Magnan (2015) discussed private capital injection under different business models- own operate, own lease out, joint venture, crop, and sheep production. Extant literature, however, has not clearly explained in detail how two partners- farms and investors- come together to make the off-farm equity deals. This insight is significant in farm businesses' private financial deal, foreign farmland investment deal, in particular, as this deal is risky to all including farms, investors, governments, and others (Li, 2015). Few academic works concentrate on off-farm equity capital and that focus in detail on all its aspects, barriers and suitable institutional mechanism.

1.5.Benefits of off-farm equity

Off-farm equity capital in family farms is not a novel idea; rather evidence suggests that off-farm equity is attractive to both farms and equity investors. Section 1 and 2 in Appendix 2 shows both the demand and supply side of off-farm equity. In traditional family businesses, off-farm-equity has been used as external equity. Michiels and Molly (2017) recorded some benefits accessing the external equity in traditional businesses. For instance, external equity supplies long-term capital to firms with capital intensity, cyclicality, and growth potential (King & Peng, 2013). As noted in Michiels and Molly (2017), external equity also strengthens firms' long-term performance (Viviani, Giorgino, & Steri, 2008), provides management know-how (Martí, Menéndez-Requejo, & Rottke, 2013) and improves firms' governance structure (Achleitner, Herman, Lerner, & Lutz, 2010), and strategy (Scholes, Wright, Westhead, Bruining, & Kloeckner, 2009).

In the family farms context, off-farm equity also benefits farms in different ways. Shifting from debt to off-farm equity, family farms could inject additional capital, at no incremental financial risk, to grow, to overcome cash flow shortages, and to meet working capital needs (Miller et al., 1985). Some other benefits also include that it helps: expanding a farm's scale, financing projects during financial distress, attaining production efficiency and increasing maximum business opportunities without additional financial risks (Wang et al., 2002; Barry, Bierlen, & Sotomayor,

2000; Lowenberg-DeBoer, Featherstone,& Leatham, 1989; Collins, 1988; Fiske, Batte, & Lee, 1986; Raup, 1986). Investors are also motivated to see the long-term return and the fundamentals of the agricultural asset class to diversify their portfolio. Family farms' resilient business model, which is based on generational capital also attracts investors to invest.

1.6. Market requirements, models, and barriers

The flow of equity capital in farm businesses from off-farm investors mainly depends on the availability of market requirements in any economic setting. Many authors (Dodson,1994; Lowenberg-DeBoer et al. 1989; Collins & Bourn, 1986; Miller et al. 1985) have addressed the issue of off-farm equity market requirements as a condition for the economic viability of off-farm equity. According to these authors, the components of the off-farm equity market include a set of farm business with required size and rate of return, sufficient numbers of investment, farms' willingness to participate in off-farm equity, and the institutional arrangements to bind the farms and off-farm investors together. In the space of both academic and anecdotal literature in global and Australian farms and agricultural finance, appendix 2 of this study, shows a review of market requirements for off-farm equity. Appendix 2 overviews the sources of demand for off-farm equity covering varied sizes, and nature. This section also outlines the sources of off-farm investors, types of investors and agricultural asset class that investors are looking to invest. A diverse group of investors is also indicated including institutional investors, private equity, pension funds and high net worth individuals and sizes of their investment.

From institutional arrangement points of view, extant literature has also recorded different arrangements including direct ownership, limited, unlimited and corporate ownership, and equity partnerships. Furthermore, different investment models, including own-operate model, own-lease model, lease-operate model, OPCO–PROPCO, share farming, joint venture, asset management, management investment schemes, leasing and public ownership, that are currently practiced in the off-farm equity market, is also discussed in detail appendix 2.

In a context of less matured academic literature, like Australian setting, anecdotal research addressing off-farm equity financing is on the rise. The following works provide more details about off-farm equity partnerships: Cotter, Rochecouste, & Mohsin, (2016); Alexander, (2015); Agrifood Skills Australia, (2015); KPMG,(2015);

Tomilson, (2014); ANZ, (2014); Commonwealth of Australia, (2014); PPB, (2014); and Clark et al., (2014). We also refer to appendix 2 where we describe the different off-farm equity models in the Australian context. In addition to the emerging picture of off-farm equity models in Australian farms and agriculture, these studies also find similar barriers to the off-farm equity market that was in existence in the early 2000s in the Australian market as mentioned earlier. Summing up all these studies, we can conclude that off-farm equity usage in Australian farming is gradually moving forward but is not attractive to off-farm investors due to farms' poor investability,vogue management style, poor information infrastructure, immature financial governance and concentrated ownership structure, poor level of farms' reporting, cultural disparity, goal ambiguity, lack of off-farm equity market liquidity, lack of asset managers and lack of suitable products (Cotter et al., 2016; Alexander, 2015; Agrifood Skills Australia, 2015; KPMG, 2015; Tomilson, 2014; ANZ, 2014; Commonwealth of Australia, 2014; PPB, 2014, & Clark et al.,2014).

As a consequence of the above development, off-farm equity investors including individual and institutional investors entered the axis of finance-agriculture relations in contemporary Australian farm financing (Larder, Sippel, & Argent, 2017). Media reports and commentators (Clark,2014; Schlesinger,2014; Lynch, 2014; Bryant, 2013; Knight, 2010) in Australian family farm businesses suggests off-farm equity, as a new farming investment model, is on the rise, and there is enormous potential for the off-farm equity market. Like the grey literature, media reports also find some barriers to off-farm equity in Australian agriculture mainly from farms' point of view: lack of a solid plan, track records of farms' performance and risks (Marshall, 2015). Some other commentators have identified farm consultant and advisors as one of the big barriers as only a handful of advisors understand farm business dynamics very well and can manage investors' funds efficiently (Marshall, 2013). Yet, there is a little understanding of how family farms can shift their traditional financing model to off-farm equity model. Therefore, this thesis explores: why family farms and off-farm investors contradict each other; how these contradictions can be minimised; how farms can transform for this new form of relationship, and how family farms can institutionalise their norms and practices. This study thus contributes to these unexplored areas.

1.7.Points of tension

The linkages between finance (off-farm equity providers in this case) and farming sector are termed as "unnatural coupling" (Ghosh, 2010), as off-farm investors are not farmers (Valoral Advisors, 2015) and vice versa. Both of them have different learning backgrounds and perspectives ("Investing in Agriculture,"2014). This relationship is neither "abstract nor one-sided" rather it is "multidimensional" (Sippel et al., 2017). Neither family farms nor off-farm investors are knowledgeable regarding one another and experience asymmetric information (Wulandari, Meuwissen, Karmana, & Lansink, 2017). Hence, it is not surprising that farms and investors would show contradictions in their logic.

Some aggregated reasons for the tension between farms and off-farm equity investors, as cited in the current literature are: high transaction cost, inflexible financing arrangement, moral hazard problems between farms and investors, and the peculiar organizational structure of farm businesses (Wang et al., 2002; Barry & Robison,2001; Lowenberg DeBoer et.al.,1989). Tensions may arise from both farms' and investors' perspective. The previous research has attempted to explore point of tensions without clearly identifying the perspective of farms and investors separately. To fill this gap in the literature, one of the main goals of this research is to classify arguments of farms and investors' points of view.

Family farms want to have full family control within the family farms, and they also want to successfully pass it on to the next generation (Anderson & Jack, 2000; Gasson & Errington, 1993) as a symbol of prestige (Anderson & Jack, 2000). They also want to pass the operations (Kimhi, 1994), expectations (Laband & Lentz, 1983), and strategic decision-making authority (Kimhi & Lopez, 1999) to the next generation of the family.

Off-farm investors may also be concerned about the legitimacy of family farm businesses from different standpoints. For instance, family farms are prone to peculiar business and organizational model, information asymmetry and the expropriation tendency of outsiders' capital and other benefits. Farm businesses vary regarding their complex business arrangement (Johnson, Morehart, Culver, Poppe, & Salvioni, 2009), legal structure (Weller, Smith, & Pritchard, 2013), ownership, decision making and controlling aspects (Calus & Van Huylenbroeck, 2005, 2008). The idiosyncratic business and operating environment of farms and the agriculture industry create

information asymmetry for the key stakeholders of this industry (Ahlers, Broll, & Eckwert, 2013). Off-farm equity investors also express their concerns about farmers' unprofessional business models. Family farms' business models are criticised for emotional attachment, the non-economic goal at the cost of negative profit-growth, and desire to sustain full control by passing the business on to the next generation (Austin, Deary, Gibson, McGregor, & Dent, 1996; Gasson & Errington, 1993). Off-farm equity investors also do not see any guarantee of their investment in family businesses as insiders may use investors' resources for their benefit (Jensen & Meckling, 1976). Outsider investors think that insiders expropriate outside investors' interests in many ways (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 2000): stealing profit, selling out the assets, positioning unqualified family members in managerial position and overpaying executives.

These naïve business models of family farms can be compared with the *peculiar financial logics* of family businesses (Gallo, Tàpies, & Cappuyns, 2004). Manager-owner family businesses show the following attributes (Gallo et al. 2004): "do not want to be controlled," "do not account to anybody" and "cannot show the firms' real picture" to others. These attributes negatively affect family firms' growth potential, impedes the collecting of fund required for investment and weakens long-term competence (Gallo et al., 2004). Structural changes including demographic, social environment and economic dimensions in the spectrum of family farming may also compound tension in the minds of investors (Downey, Threlkeld, & Warburton, 2017).

The above research findings, however, have not addressed competing views of both farms and investors and how these competing logics could be minimised. Empirical research is also silent on how family farms break their traditional model while navigating the logics. However, theorising the experiences of family farms' off-farm equity shifting process can contribute to understanding the off-farm equity accessing process. In addition, there does not appear to develop any governance structure at family farms that might assure off-farm investors that their investment in family farms would be safe and rewarded. While these issues are very significant in accessing the off-farm equity in family farms, family farms scholars have given less empirical attention to these issues. This research, hence, is mainly concerned with identifying the main competing views from family farms and off-farm investors perspective. This study also focused on how these competing logics could be managed

by developing some norms, strategies and structural issues at family farms. Finally, this study explores how family farms can institutionalise their governance process. Following the above theoretical problems defined, this thesis expects to contribute to unraveling the shifting of farms financing model and to the development off-farm equity financing alliance in family farming industry.

1.8.Theoretical perspectives

1.8.1. Theoretical shifts in family business financing decision

Theories and empirical evidence in corporate finance literature is thought to have little bearing in fixing the capital structure issues in farm businesses (Lowenberg-DeBoer et al., 1989) owing to fundamental differences between agricultural farms and other firms (Wu, Guan, & Myers, 2014; Zhengfei & Oude Lansink, 2006). From a theoretical perspective, there has been a persistent call to develop an institutional framework, both in agricultural farms (Dodson, 1994) and in traditional firms (Michiels & Molly, 2017; Soleimanof et al., 2017). Institutions, either formal or informal, prescribe some "rules of the game" as being acceptable to all and sets the platform to comply with those rules (Scott, 2013; North, 1993; Dimaggio & Powell, 1983). The institutional platform enhances the productivity of economic activity, minimises transaction cost, and most importantly it creates governance mechanism (Soleimanof et al., 2017; Battilana, Leca, & Boxenbaum, 2009). Family businesses in general – be it agricultural farms (McElwee & Rudmann, 2008; Lowenberg-DeBoer et al., 1989; Gasson et al., 1988) or traditional firms- (Soleimanof et al., 2017)- have not had any formal institutional framework because family businesses traditionally access resources (capital, labour, networks) from generational sources (Soleimanof et al., 2017; Glover & Reay, 2015).

Researchers in traditional family businesses have already explored the various limitations of family business' financing decisions which have been discussed mainly with traditional theories: agency, pecking order, socio-emotional wealth, planned behaviour. For example, in a comprehensive review of 131 scholarly articles, Michiels and Molly (2017) found two types of theoretical approaches in family firms' capital structure decisions: traditional approaches and non-traditional approaches. In the traditional approach, family firms want to finance their capital needs mainly by internal equity and retained earnings, and then firms attempt to access external finance (debt and external equity). Traditional financing decisions are characterised by

economic logics: conflict of interest (principal–agent; principal-principal), potential transaction costs, and information asymmetry of bringing external capital suppliers into the capital structure (Michiels & Molly, 2017). These views are theorised by agency theory (Jensen & Meckling, 1976), trade-off theory (Myers & Majluf, 1984) and the pecking order model (Myers & Majluf, 1984). Equity investors feel discouraged to supply off-farm equity due to the likelihood of conflicts and interest that are manifested through agency theory. Fernando, Schneible, and Suh (2014) mentioned two types of agency problems: type 1 and type 2 agency problem because of which private investors do not like to invest in family businesses. Type 1 emerges in owner-manager family firms due to the conflict of interest between owners and managers, while the conflict of interest between large family shareholder and nonfamily shareholders create type 2 agency problem.

The other approach to taking financing decision can be called self-interest or the owner-manager preference approach in firms' behavioural models (Neckebrouck, Schulze, & Zellweger, 2017; Newbert & Craig, 2017; Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). These approaches have been theorised by socioemotional wealth (SEW) theory (Gómez-Mejía et al., 2007), stewardship theory (Davis, Schoorman, & Donaldson, 1997), and planned behaviour theory (Koropp et al., 2014). According to these theories, investors may also point at family firms' preferences to non-economic and non-professional motives. Non-economic motives of family farms indicate placing "dynastic motive' well ahead of business motives (Casson,1999) while non-professional motives refer to poor governance structure, dominance of self-interest over business interest, appropriation of firm resources for personal benefit, firms behavioural approach (Michiels & Molly, 2017; Neckebrouck, Manigart, & Meuleman, 2017; Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). Investors tend to consider firms' professionalization, human resources, and opportunity to reduce agency costs before selecting firms to invest in. Family firms, on the other end, blame investors' intention to control the firms' ownership rather than facilitate growth and development (Wu, Chua, & Chrisman, 2007). Other research (Zata-Poutziouris, 2011; Seet & Graves, 2010) found three kinds of the gap between farms and investors: the finance gap, the knowledge gap, and the empathy gap. Also, the financial assets in agriculture are complex in nature, and the investors diverge (Clapp, 2017).

The traditional theories have advanced the scholarly discussions about family business financing decisions, but they are also criticised for many reasons. One of the main limitations of agency theory, pecking order, and trade-off theory is that they consider financial arguments in selecting capital mixes for family businesses (Michiels & Molly, 2017). Socioemotional wealth theory is criticised for increasing sole agency of family firms in taking decisions (Newbert & Craig, 2017). Another limitation of these theories is that they are silent about how to address the demands side concerns and supply side concerns of family financing decisions (Michiels & Molly, 2017). Given the importance of the demand and supply side of financing decision (Michiels & Molly, 2017), we believe it is necessary to develop an institutional framework for family farms that would consider both demand and supply side perspectives in family farm financing decisions.

1.8.2. Institutional theoretical linkage

In line with the research question and the evidence explored from the data set, this research can be better explained through different theories under the central domain of institutional theory: institutional logics (paper one, institutional lock-in/ institutional path dependence and path-breaking (paper two), and institutionalisation process theory (paper three).One of the basic tenets of institutional theory is that it emphasises on a set of norms of rules for individuals, group of individuals, and organisation to legitimise their actions and to ensure their survival in the broader institutional environment (Scott,2013; Bruton, Ahlstrom, & Li, 2010). Institutional theorists define, as reviewed in Bruton et al. (2010), the term institution as a: formal set of rules; flexible and shared rules and norms, set of granted assumption, and set of ex-ante agreements, which are expected from individuals and institutions to follow.

Institutional theorists are divided into a different school of thoughts that contribute in formulating different theoretical essence of institutional theory. Before discussing relevant institutional theories and terminologies, it is better to mention, at this stage of this research, that it is probably impossible to make an exhaustive list of terminologies, clear conceptualization, and constructs of institutional theories (Scott, 1987) even though application of institutional theories have been gradually increasing in multiple organization fields (Lok, 2017). Scott (1987) pointed at two reasons for this difficulty in producing an exhaustive list of the concept under institutional theories: (1) some of the constructs are explicit while others are entirely implicit, and (2) institutionalist

rarely come to an agreement regarding the specific meaning of the concepts. Yet we summarised five schools of thoughts of institutionalism and their main features in appendix 3.

At least five significant schools of institutionalism are found in the literature (Greenwood, Oliver, Lawrence & Mayer, 2017; Amenta & Ramsey, 2010) that contributes in developing multifaceted in institutional theory. These five school of thoughts include realist institutionalism, sociological institutionalism, historical institutionalism, political institutionalism, and organisational institutionalism. Realist institutionalism is the oldest form of institutional thoughts where actors ensure 'some institutional principal' in their operating environment before starting their actions. In this world of institutionalism, actors maintain networks among themselves where trust and agreements are created to govern their actions (Myer, 2008). Political and historical institutionalism regard institutions as 'formal or informal procedure, routines, norms, and conventions' (Amenta & Ramsy, 2010). Sociological institutionalism perceives the institution as 'cognitive scripts, moral temples and symbol system' (Amenta & Rasmy, 2010). The cognitive logics or heuristics of individual help actors take the decision in sociological institutionalism that makes the institution highly self-centered (Bruton et al., 2010; Amenta & Ramsey, 2010). This phenomenon of actors/institution is believed to better explain through institutional logic theory (Friedland & Alford, 1991).

In historical institutionalism, which is also another close version of sociological institutionalism, actors tend to establish a certain path of actions based on their cultural and contextual events within a society over a specified period (Myer,2008). This historicity may better be theorised through institutional path dependency or lock-in (Mahoney & Schensul, 2006; Pierson & Skocpol, 2002). Rules, system, and processes constructed by actors govern the actions of the institution in the political /economic branch of institutionalism (Bruton, 2010; North, 1990). While these four schools of thoughts are rooted in the study of politics, concepts of these thoughts have been migrated to develop another form of intuitionalism known as 'organisational intuitionalism' (Greenwood et al., 2017). Following previous research (Campbell, 2004, Djelic & Quack 2004; Hall & Taylor, 1996), Greenwood et al. (2017) skeptically defined organisational institutionalism as the combination of several variants of all four other school of thoughts discussed. An extensive review, over three-time frames

(1983-91, 1987-91, and 1991-2007), made by Greenwood et al. (2017) informs us that organisational intuitionalism attempts to explore institution, institutional process, and perspectives of an organisation.

This thesis takes the position of organisational institutionalism covering at least three other variants of institutionalism: sociobiological, historical, and economic/ political. Sociological institutionalism fits in a sense that family farms are a unit of organization and farms' actions are impacted by social, cultural, and heuristics logics of farms (producers). Farms actions are also embodied in their historical events over a generation which is relevant to historical institutionalism. These two views call for using the institutional logics (in paper one), and institutional path depended/ institutional lock-in theory (in paper two). Finally, economic/ political thoughts of organisational institutionalism fit in paper three as we attempted to explore the governance process and practices of family farms to legitimise their business to off-farm equity investors.

Institutional perspectives of family businesses have been widely examined by family business scholars (Soleimanof et al., 2017; Parada, Nordqvist, & Gimeno, 2010; Melin & Nordqvist, 2007; Leaptrott, 2005). A recent review (Soleimanof et al., 2017) of 131 articles on institutional theory perspective of family firms recorded institutional (formal/informal) influence on family firms' behaviour. Soleimanof et al., (2017), informed us of some four key areas of influences of formal and informal institutional norms on family firms' performance and behaviours, and vice versa.

First, formal institutional development affects family firms' performance at the macro level. For example, formal institutional development affects family firms' performance through governance mediating role, minimising agency problems, and professionalizing attempts (Fernando et al., 2014; Liu, Yang, & Zhang, 2012; Jiang & Peng, 2011; Carney, 2005). Secondly, formal institutional development, such as entrepreneurship and economic development, and regional and national public policy, are also impacted by family firms' behaviour (Carney, Duran, van Essen, & Shapiro, 2017; Soleimanof, 2016; Steier, 2009). Thirdly, informal institutional norms and practices play a large role in influencing family firms' behaviour as a family firm, as an institution, is co-created by two separate institutions and their mutual interactions: family and business (Zachary, 2011; Litz, 2008). Informal institutional practices originate from family firms' socioemotional wealth (Berrone, Cruz, & Gomez-Mejia,

2012), idiosyncratic histories (Aldrich & Cliff, 2003), social and cultural contexts (Khayesi, George, & Antonakis, 2014; Gupta & Levenburg, 2012), influences firms' family and businesses logics (Soleimanof et al., 2017). Finally, family firms also play an active role in designing the essence of informal institutional practices, such as the nature and process of institutional practices, norms quality, and heterogeneity networks and processes (Basco, 2015). The main reasons for this influence of family firms on institutional norms and practices generate from firms' localism and regionalism perspectives and their historical embeddedness within that region and within community norms and values (Soleimanof et al., 2017; Soleimanof, 2016; Seaman, 2015). Despite this interconnectedness between institutional practices and family firms' performance and behaviour, there is ample space to extend institutional theories about family businesses in general, and to family farms in particular. We contribute to the auspicious of advancing institutional theory in the auspicious of family farms.

1.8.3. Problematizing institutional theory

The reasons why family business research experienced a theoretical shift from the agency, social-emotional wealth, pecking order and planned behaviour theories to institutional theory, have been discussed. Then, some evidential and theoretical discussions of institutional theory in prior family business research were outlines that provide us a durable base of conceptualisation for this research. Researchers from different perspectives have enriched such theoretical shifts in family business research. The extant literature of institutional theory in family businesses is inconclusive (Soleimanof et al., 2017; Wright, Chrisman, Chua, & Steier, 2014). Current literature sidesteps the bidirectional aspect of family firms' relationship with other institution (Soleimanof et al., 2017). Less attention has also been paid to discrepancies between farms and equity investors, and how to manage those logics, even though institutional theory can be used to unveil family firms' pluralistic position' in a broader context of multiple institutional logics (Michiels & Molly, 2017; Thornton & Ocasio, 2008). Michiels and Molly (2017) also argue that qualitative methodology is missing in the literature of family businesses' capital structure decision (Langley & Abdallah, 2011). Whereas, qualitative methodology is seen as an ideal way to advance the gaps in current theoretical frameworks (Siggelkow, 2007).

Motivated by the growing necessity for long-term farm financing for family farms, off-farm equity in particular, and the calls for more attention be paid to institutional frameworks (Soleimanof et al., 2017; Mondelli, 2011; Dodson, 1994; Lowenberg-DeBoer et al., 1989) to clearly address the farms' logics and investors' logics, this dissertation explores how family farms can access off-farm equity capital from private investors including institutional, corporate, family office, net worth individuals. Thus, this study, first, explores the competing logics of family farms and equity investors and how this competing interest of two partners can be minimised. Then, the process for breaking family farms' traditional financing path has been explored with the learning of farms' investment readiness. Next, the institutional process through which family farms adopt governance and reporting strategies to minimise the information asymmetries between family farms and off-farm investors are proposed.

A significant volume of mostly US-centric literature has been concentrated on the necessity of, and barriers to, external equity financing, while less attention has been paid to institutional frameworks that remove potential conflicts among farms and off-farm investors. Replicating US findings in Australian contexts may yield dubious result as factors affecting farms' growth and profitability vary in different jurisdictions (Jarrett, 1968). Off-farm equity in Australian farm businesses is not a new phenomenon. However, the large scale of equity partnership in Australian setting has not grown enough in its comparable economies, NZ for example (Agrifood Skills Australia, 2015). Anecdotal findings call for ensuring an institutional framework that aligns the interests of both farms and investors to facilitate this off-farm equity market to a larger extent (Agrifood Skills Australia, 2015; ANZ, 2014; PPB, 2014). This gap in the farm financing literature and the slow growth of off-farm equity financing in an Australian setting justifies selecting Australia as the empirical setting.

1.9.Research questions

Based on the gaps found in the extant literature and on the problem definition, as discussed in the sections above, we reflexively (Agee, 2009) formulated the following research objective for this thesis: exploring the shifts of family farms' traditional financing models to off-farm equity alliances. We attempted to address the following research questions corresponding with three empirical studies, to

understand how this move of family farms towards off-farm equity alliances happens:

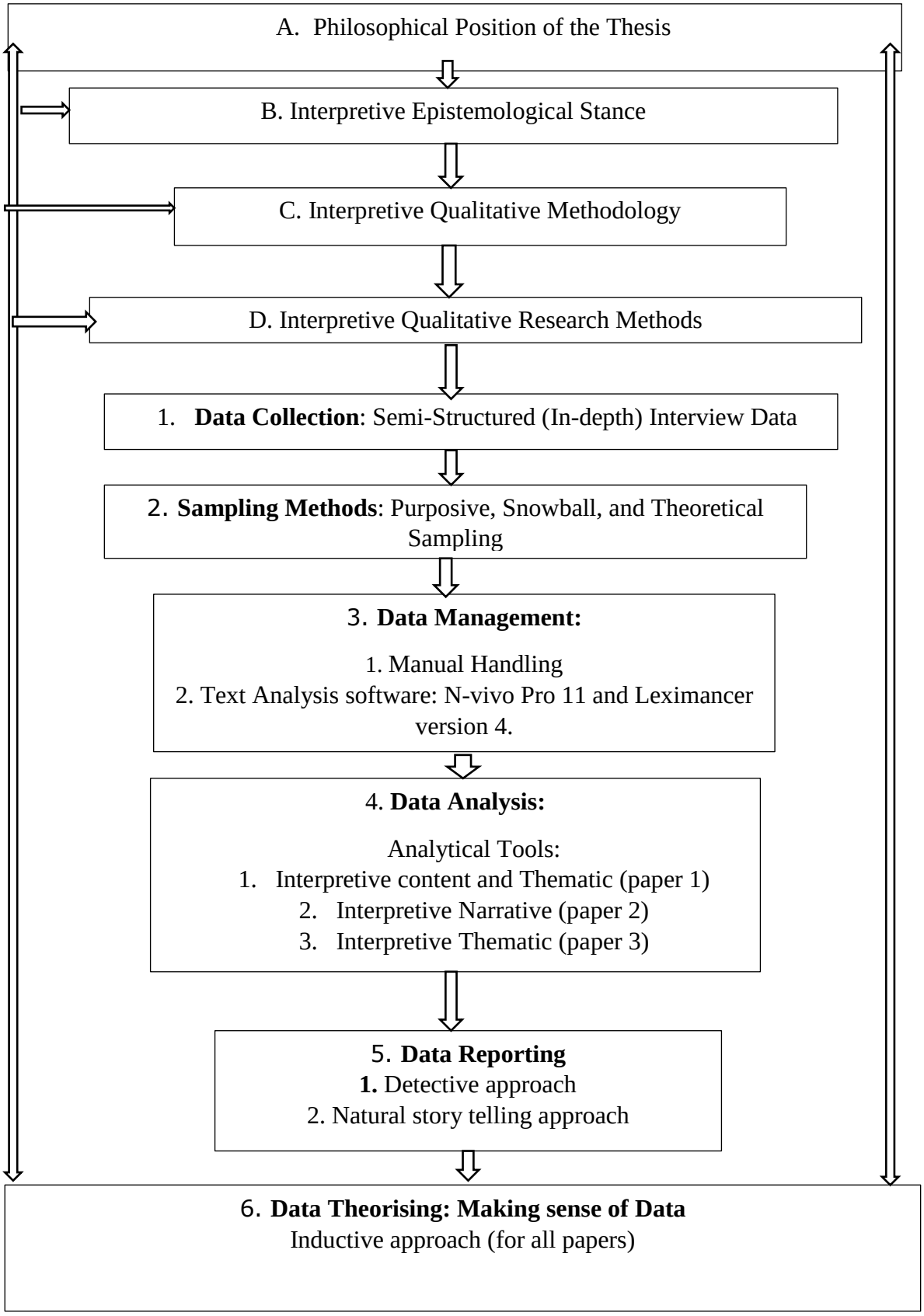
1. Why do family farms and off-farm equity investors differ in their logics in equity alliances and how can these differences be solved? (paper 1, chapter 2)
2. Why and how could family farms break their traditional financing paths to access off-farm equity, and how this path creation process contributes to farms' investment readiness learning? **(**paper 2, chapter 3**)**
3. How can family farms institutionalise their governance structures to access off-farm equity? (paper 3, chapter 4)

In the three empirical qualitative papers (see table 2 for an overview), my co-authors, who are also my supervisors in this thesis, and I contributed to each paper proportionately from different perspectives. In this regard, please see the attached statement of authorship provided before each paper. In the following sections, the methodologies, theoretical underpinning, an overview of the papers, based on three research questions, are summarised.

1.10. Methodologies

From epistemological standpoints (Guba & Lincoln, 1994), the position this thesis adopts is an interpretive approach to epistemology (Schwandt, 2000), meaning that the foundation of new knowledge in this thesis is based on empirical evidence, in the form of subjective experience, of its participants (Gephart, 2004; Hudson & Ozanne, 1988), namely farms and advisors. Consistent with the interpretative epistemology, investigators followed an interpretive research approach throughout the research journey. An interpretive research approach is appropriate in a context when the researcher attempts to address a relatively less explored branch of an empirical setting and research questions keep evolving and emerging in line with the data (Hudson & Ozanne, 1988). This view of interpretive research has worked in this thesis in two ways. First, research in exploring the off-farm equity partnership is an emerging stage, at least in the empirical setting of this thesis, the Australian farming industry. Second, researchers experienced a continuous change in developing research questions, analyses, interpretations, and theorisations of the data. Data analysis and interpretation of the data, with extant theory, has been through an inductive process (Strauss & Corbin, 1998). Figure 1 portrays the combined methodological of the thesis while each paper contains specific issues applied.

Figure 1: Combined methodological map of the thesis



The empirical setting for this study is the Australian family farming industry, with a focus on Queensland. I collected semi-structured interview data between 2015 and 2016 while one of my co-author, my principal supervisor, helped me in accessing the participants through her professional network. A total of 18 interviews were conducted: 4 with family farm owners and 14 with farm advisors.

The representative of sample size in a qualitative study is unlikely to be unique in every research setting. Sample size varies based on the nature of the study undertaken. Literature suggests that different ranges of sample size, such as 30-50 for ethnographic research; 5-25 for phenomenological research; 20-30 for grounded theory; and 100-200 in the ethological study, as summarised in (Mason, 2010; Sandelowski, 1995) is possible. These numbers, however, rarely have any "empirical arguments" to believe as to "why these numbers and not others" (Mason, 2010,p.3). Sample selection strategy of this research has been "flexible and pragmatic" (Marshall,1996,p.524) as there are no hard and fast rules, in qualitative research, to fix a specific number of a sample before the study commences (Sandelowski, 1995).

This thesis did not prefix any sample criterion but wanted to explore in depth experiences of off-farm equity processes and phenomena from farms and advisors, who could deliver rich information in this regard. This view of sample selection is inconsistent with the Sandelowski's (1995) view of using "informationally representative sample" Patton's (1990) view of using "information-rich cases" in qualitative research. Each of our samples was rich enough regarding information as sample family farms were engaged in a farming occupation for generations and sample advisors were also involved in advising around 10-20 years. This thesis has, in fact, the components of three sample selection strategies: purposive sampling (Patton, 1990), snowball sampling (Patton, 2002), and theoretical sampling (Glaser & Strauss, 2009; Strauss & Corbin, 1998). The first stage of data collection of this study started with interviewing two farm advisors, who were familiar to my principal supervisor and who had almost 20 years of experiences to elicit some details about Australian farm financing and off-farm equity injections.

We examined all the information, experiences, and events in the interview to get relevant data (Cleary, Horsfall, & Hayter, 2014). Since we utilized some "exemplary" (Sandelowski, 1995) and "typical information" (Patton, 1990) about off-farm equity in Australian farms and agriculture, this was necessarily purposive sampling.

Secondly, we requested every participant to provide some names of other farms/advisors who could provide us with some valuable information for our thesis. In this way, we acquired other participants. This strategy is akin to sampling. Thirdly, we analysed every interview soon after it was conducted in order "to decide what data to collect next" (Coyne, 1997) using "constant comparative analysis" (Strauss & Corbin, 1998)" of the initial codes and categories. This process guided us regarding which question should be dropped or added from the interview and which questions were very significant or less significant (Glaser & Strauss, 2009; Strauss & Corbin, 1998) in the case of our study.

We stopped our interviews with two the different participant groups for three distinct reasons. Interviews with advisors were stopped when we observed that taking more participants beyond 14 were not disclosing anything new, which is known as the "theoretical saturation" (Strauss & Corbin, 1998) or the "information redundancy" (Lincoln & Guba, 1985) stage in qualitative research. This feature of this stage is aligned with data saturation (Guest, Bunch, & Johnson, 2006). On the contrary, we ceased interviews with farm participants for two reasons: First, we observed that we got rich, diversified, and representative information (O'Reilly & Parker, 2013; Guest et al., 2006) from four family farms regarding off-farm equity issues. Second, we faced unforeseen complexities, and time as well as resources constraints to trace family farm participants accessing or using off-farm equity within our empirical setting of this study (Green & Throrogood, 2004; Tuckett, 2004), which stopped our interview with more farms. We frame two possible explanation from these two experiences with farm participant' data. On the one hand, data saturation might have partly been achieved with the diversified and rich information gathered from four farms (Guest et al., 2006). On the other hand, data saturation might have been underachieved due to heterogeneous nature of farms interviewed. This underachievement of data saturation calls for further exploration of family farms' views rather than that the "findings are invalid" (Morse, 1995).

We conducted nine face-face interviews (6 with farm advisors and 3 with farms) and nine telephonic interviews (8 with farm advisors and 1 with a farm). Total interview time was 1070 minutes (793 minutes of interview with farm advisors and 277 minutes with farms), which varied from 107 minutes to 25 minutes, and averaged 60 minutes.

1.10.1. Sample size and theoretical (Data) saturation

In a qualitative study, researchers are yet to have any unique "published guidelines or test of adequacy" for achieving theoretical saturation (data saturation in this study) – the point when researchers get no incremental information from adding new participants to the interview- (Mason, 2010; Bowen, 2008; Morse et al, 2002). Thus, conceptual variation in reaching to the point of theoretical saturation is ample in the literature (Fusch & Ness, 2015; O'reilly & Parker, 2013; Mason, 2010). In some cases, saturation is possible within a small sample size, six interviews, for instance, while in other cases, based on the nature of qualitative research, 15 to 30, and 20 to 30 and up to 60 interviews are recommended (Guest et al. 2006; Morse, 1994). OtherS suggest that researchers are less likely observed to link the sample size with theoretical saturation (Morse, Lowey, & Steury, 2014).

Bigger sample sizes for qualitative interviews are not necessarily essential to achieve theoretical saturation (Fusch & Ness, 2015; O'Reilly & Parker, 2013, Burmiester & Aitken, 2012). The more critical issues in claiming theoretical saturation are to access rich data with a thick description that ensures a wide range of opinion and diverse representation of the issue being explored (O'reilly & Parker, 2013; Guest et al. 2006). In addition, transparently disclosing all of the steps taken by an investigator from data collection to analysis can ensure theoretical saturation. Attaining this saturation, however, is often believed to be dictated by the following factors: research context and scope, inductive philosophy, data complexity, population heterogeneity, participants of special interest, researchers' budget as well as resource availability, longitudinal or panel character of data (O'reilly & Parker, 2013; Mason, 2010; Bowen, 2008). Following these views, it can be said that if any qualitative investigation is inductive in approach; is context specific; and is intended to inductively explore the in-depth experiences of a specific group of participants (with relatively homogenous character), theoretical saturation (data saturation) can most likely be achieved with small sample sizes and vice versa.

Following the above concepts of theoretical saturation, overall, this research acknowledges the limitation of pure theoretical saturation (data saturation) for we observed many diverse opinions in the participant's opinion. Moreover, this study was conducted in a specific region of Australia with a small group of farms and advisors who are familiar with the idea of off-farm equity. This limitation demands the further

exploration of data from a bigger sample, possibly around Australia, which was not possible for this present study owing to resources and time constraints. Having acknowledged this limitation, this study provided rich and representative information for both farms and advisors participants for the following reasons:

First, the two core interests' participants of this study were very specific: farms either accessed off-farm equity or were in the process of accessing off-farm equity, and advisors engaged in off-farm equity in the context of family farms. Second, semi-structured interviews were conducted to get the in-depth experiences of both farms and advisors. That is, in an interview, the main focus was to understand in which context farms and investors want to come to off-farm equity partnership, what the various aspects of off-farm equity partnership mean to both farms and investors, and how the partners develop the off-farm equity partnership. Third, sample farms and advisors interviewed in this study were homogeneous by many features, even though they were also heterogeneous by many other features and in their opinions.

Farms, even though were heterogeneous in terms of financing needs and governance structures, were homogeneous in many features: all farms were located in the same region, sample farms were looking to access off-farm equity capital, they were in either third or fourth generational stage, and each of the farms was in favor of bringing required changes in farm business management. Likewise, farm advisors were homogenous in many features: First, all the advisors had advising experiences in the same geography - different states around Australia. Second, they had long experiences in dealing with Australian family farms that gave them a clear edge in understanding farming families' dynamics and complexities. Third, the advisor participants had experiences about the current and potential domestic and foreign investors in Australian farms and agribusiness industry. Fourth, personal farming orientation in their early carrier of our participants ensured the relevancy of their experiences and observation regarding family farm businesses. This homogeneousness in both groups of participants may conceptually be related to the combination of homogeneities in the qualitative research proposed by Robinson (2014): demographic, geographical, psychological, and historic life homogeneity.

Our small sampling strategy can also be justified by the logics of and positive case for small sample size developed by Crouch and McKenzie (2006). These authors argued that a small number, say less than 20, of in-depth interviews, has little impact

on research validity and research logics if research is undertaken through in-depth discussion and the data are continually interpreted theoretically to understand the problem. In this research, we have found that farms in our interviews have a great emotional attachment to their farms. Farms struggle with capital shortages, and they cannot expand their scale. Farms wanted to access capital from off-farm sources in one hand while, on the other hand, they wanted to keep the rein of the farms in their hand. Finally, they revealed that they were ready to have some negotiation with off-farm investors. Similarly, we got an in-depth picture of off-farm equity investors' imagination while they invest capital with family farms. Investors prefer different models of investment and show different expectation towards farms for sustaining their capital and return on capital. More areas of investors' concerns were revealed form farm advisors: farm governance, reporting, management, control, decision making, and farms professional status. Our findings from both groups had continuously linked with the relevant theories to make sense of the data, and we reached to the fruitful interpretation of the data through the lenses of the theories summarised in figure 2.

In preparing three papers, we used both manual and text analysis software (N-Vivo Pro 11 and Leximancer-4) for analytical triangulation. For methodological triangulation, we used content and thematic analysis for paper one, interpretive narrative technique for paper two and interpretive thematic analysis for paper three. For an analytical summary, see table 2, and for the interview protocol, see appendices 3 and 4. In addition, each paper inserted in this thesis contains a paper-specific detailed methodological section.

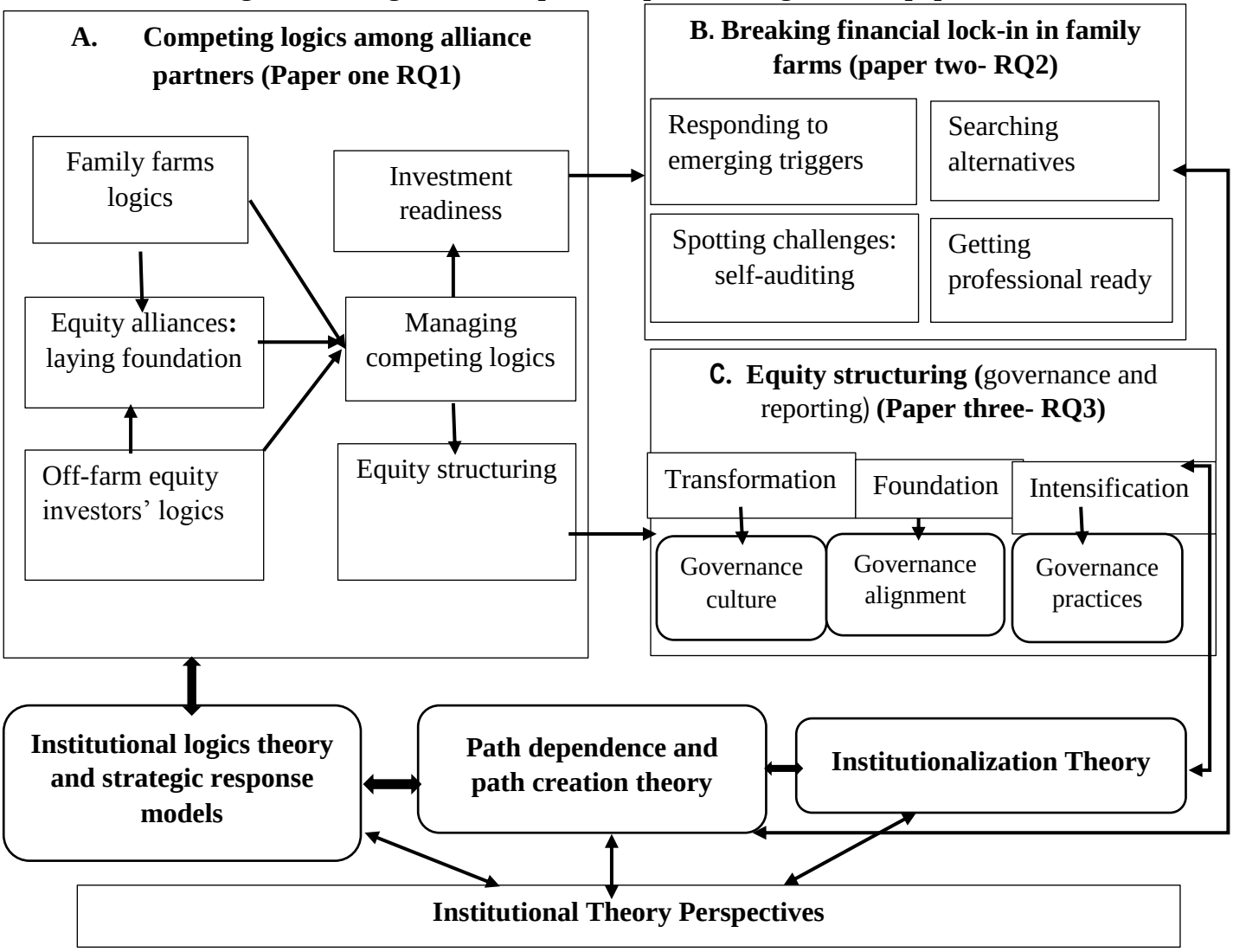
1.11. Theoretical underpinning

The findings of this thesis have been theorised inductively, which means our data analysis has been data grounded, rather than theory dictated. In every paper, we interpreted our findings under the suitable theoretical framework after which we have finished our analysis. The paper- specific theories that we linked with our findings are shown in figure 1. All the theories shown in figure 1 are related to the institutional theory perspective. The four inductively generated theories and one model used are institutional logic theory and strategic response model (paper 1), path creation theory (paper 2), and institutionalization theory (paper3), and they are shown in figure 2.

Concepts inserted in the boxes of figure 2 are based on the empirical findings of my research.

This theorising stage was not straightforward, but rather a reflexive process and the selected theory was chosen based on compelling arguments of the researchers. The finding of the first paper led us to relate intuitional logic theory and strategic response model to theorise two major findings: (1) competing arguments of off-farm alliance partners, and (2) the right strategies and structure of off-farm equity partnership that may convert the equity partners' contradictions to into mutual benefits. We have theorised the experiences of creating a new financing part of family farms through path creation theory in the 2nd paper. While the 3rd paper is about structuration of equity partnerships in particular. See figure 1 for the connection between findings and theories in paper one, two, and three.

Figure: 2: Integrated conceptual map connecting all three papers



1.12. Paper overview

Paper 1 – "Family farm alliance with off-farm equity investors: Managing competing logics"- presents the professional advisors' view regarding family farms' and equity investors' competing demands and the mechanism to manage these logics. The paper focuses on the research question: Why do farms and off-farm equity investors differ in their logics in equity collaboration and how can these differences be solved? We inductively analysed the in-depth interview data, with 14 farm advisors, developed the overall papers, and interpreted the findings. Using inductive content and thematic analysis, we firstly explored eight competing interests that family farms and investors expect from each other. We interpreted the first part of the evidence of Paper 1 about institutional logics theory. We found that family farms use two strategic practices- investment readiness, and equity structuring- to manage the competing arguments of equity capital providers. We found the strategic response model as one of the most suitable frameworks to interpret these practices.

In paper 1, based on advisors' experiences, we found eight competing logics that both farms and investors may draw on while entering off-farm equity partnerships: emotional vs. commercial, cost vs. profit, instinctive vs. reasoning, continuation vs. cessation, financial vs. non-financial, lower vs. higher scale, traditional vs. professional, and operating vs. capital efficiency. In each pair, the first element relates to farms' positions and the second element indicates investors' positions. These findings fit with the institutional logics theory, which is a metatheory of institutional theories (Thornton & Ocasio, 2008). Institutional logics define the contradictory *contents, practices, and beliefs of different institutions* under different contexts (Thornton & Ocasio, 2008). Institutional logic is one of the key strands of institutional theory that produces these rules and practices based on the behaviours of stakeholders in a particular institution, and they develop the institutional dynamics over a period (Zilber, 2013; Friedland & Alford, 1991). Scholars (Osborn & Hagedoorn, 1997; Gerlach, 1992) have argued that an alliance of multiple actors can be studied from within institutional settings. Following this view, this study also considers off-farm equity alliance is a strategic institutional platform where two separate institutional actors, namely family farms and off-farm equity investors, attempt to interact with each other according to their respective formal and informal rules and behaviours.

Table 2: Overview of three papers

Structure	Paper 1	Paper 2	Paper 3
Title	Family farms alliances with off-farm equity investors: Managing competing logics	Breaking financial lock-in in family farms through off-farm equity financing.	Governance structure of family farms in the context of off-farm equity financing.
Research questions	Why do farms and off-farm equity investors differ in their logics in equity alliance and how can these be resolved?	How can the family farms break their traditional financing path to access off-farm equity and how this path creation process contributes to farms' investment readiness learning?	How can family farms institutionalise their governance structure to access off-farm equity?
Methodology	**Research Design:** **i**nterpretive **Data collection** Semi-structured interview (see appendix 4) **Analytical Technique** Content and interpretative thematic **Coding techniques** Software (Leximancer and N-Vivo) and Manual	**Research Design:** **i**nterpretive **Data collection** Semi-structured interview (see appendix 3) **Analytical Technique** Interpretative narrative Analysis **Coding techniques** Software (Leximancer and N-Vivo) and manual	**Research Design:** **i**nterpretive **Data collection** Semi-structured Interview (see appendix 3 and 4) **Analytical Technique** Interpretative thematic analysis **Coding techniques** Software (Leximancer and N-Vivo) and manual
Context / Sample . and sampling	**Context:** Australian family farm industry **Sample:** 14 professional advisors **Sampling technique:** Purposive and Snowball technique **Interview period:** 2015-16	**Context:** Australian family farm industry **Sample:** 3 family farms (1 farms using equity and the two waiting to access equity) **Sampling technique:** Purposive and Snowball technique **Interview period:** 2015-16	**Context**: Australian family farm industry **Sample:** 14 professional advisors and four family farms **Sampling technique:** Purposive and Snowball technique **Interview period:** 2015-16
Main findings	Evidence explored eight competing logics between farms and investors. Two strategic responses – investment readiness and equity structuring- are used to resolve those logics	Both internal and external factors contribute to moving towards equity process. Equity accessing process includes four stages: responding to emerging triggers, searching for alternatives, spotting challenges: self-auditing, and getting professionally ready	Family farms may require three elements – governance culture, alignment and governance elements in the structures. Farm and reporting structure vary on the farm' and investors' heterogeneity.
Theoretical framework	Institutional logics and Strategic responses models to competing demands	Institutional lock-in and path creation theory	Institutional theory

Using the concept of institutional logics, we named these two institutions as family farm logic and off-farm equity investor logic. Earlier conceptualization has shown different ideal types of institutional logics in the society: market, corporation, democracy, professions, family, religion, and state (Thornton & Ocasio, 2008; Thornton, Jones, & Kury, 2005; Friedland & Alford, 1991). These studies used logics in the sense of the ideal type of logics. Ideal types of logics, however, do not reflect a true description of the insights of logic in an institutional setting; instead, they allow for a comparison of the set of previously defined logics with the data being observed (Currie & Spyridonidis, 2016; Reay & Jones, 2016). Rather than using any ideal types of logics (Thornton et al., 2005), this study empirically explored logics of family farms and equity investors. As our paper is about interpretively identifying logics in off-farm equity alliances, we followed the same qualitative logic capturing process as Reay and Jones (2016), which encourages pattern inducing approach of logic exploration for qualitative interpretive research.

Contradictions in any form of alliance/ partnership at multiple levels are manifold and unavoidable, as explored in other alliance research (De Rond & Bouchikhi, 2004; Das & Teng, 2000; Gray & Wood, 1991). After detecting a contradiction between two logics in off-farm equity partnerships in our research, we attempted to explore the ways by which these contradictions of the two actors could be minimised. Our analysis reveals that articulating two different strategic responses- investment readiness and equity structuring- at family farms may address potential contradiction with equity providers logics. To theorise, this finding, we relied on the theoretical framework of the Oliver (1991) and Pache and Santos (2010), who extended Oliver's version: a strategic response framework to competing demands. Precisely, our findings were matched with the acquiring strategy and the compromising strategy of these frameworks. In line with acquiring strategy (Pache & Santos, 2010; Oliver, 1991), our findings also suggest that it would be better for family farms to adopt some institutional norms and practices. We also found the element of the compromising strategy (Pache & Santos, 2010; Oliver, 1991) in our findings as analysis shows that balanced negotiation mechanisms are necessary for accommodating partners' interest in off-farm equity alliances. Our view for developing a strategic response is also very close to the strategic commitment view of institutional logics (Ocasio & Radoynovska, 2016), which shows how logics'

incompatibilities can transform institutions towards multiple business models and a heterogeneous governance structure.

The 2nd paper of the thesis- "Breaking financial Lock-in in family farms through off-farm equity financing" explores how family farms create a new financing path towards off-farm equity. The research question we set in this paper was: how can family farms break their traditional financing path to access to off-farm equity, and how does this path creation contribute to farms' investment readiness learning? Based on three farms' experiences of the off-farm equity journey, we observed five narratives about their off-farm equity path creation processes. Interpreting this narrative under the lens of path dependence and path creation, we propose a four-step off-farm equity path creation process that breaks the family farms' old financial model. Finally, in this paper, we also argued that learning, which stemmed from this path creation also help farm to be investment ready. However, once family farms have started their process of accessing off-farm equity, the question remains: what governance practices do family farms may choose to articulate to institutionalise their legitimacy? The third paper attempts to answer this question.

We interpreted the findings of the second paper with path dependence theory (Sydow, Schreyögg, & Koch, 2009; Arthur, 1994), path creation process (Garud & Karnøe, 2001) and new path creation theory (Simmie, 2012). We see the elements of path dependence theory to the point where family farms remain affixed to old financing model. Path dependence theory argues that an institution becomes locked-in to a once established solution to a problem, provided that institution benefits from that option increasingly or no external shocks threaten that option (Simmie, 2012; Schreyögg & Sydow, 2011; Beyer, 2010; Vergne & Durand, 2010; Arthur, 1994; 1990; 1989; David, 1985). As shown in detail in paper two, we argue that family farms become financially path dependent owing to their use of the same sources of financing over generations.

However, our findings also show family farms break this tradition on arrival of external shocks and overcome the challenge of scale and growth. This observation is precisely an indication what path creation theory implores (Simmie, 2012; Garud, Kumaraswamy, & Karnøe, 2010). Thus, our findings in paper 2 focus on the component of path creation from the moment when the family farm sets out to explore new sources of finance. Our result is mainly aligned with the hybrid socio-economic

path creation theory (Simmie, 2012) which suggests a reflexive process of path creation, rather than a canonical process of path creation (Garud et al., 2010). Following the reflexive view of path creation, we also see in our findings that exploring a new financing model for family farms is a collective effort of farms, investors, and farm advisors. Following the path creation process and new path creation theory, family farms adopted strategies. We called these strategies (steps) investment readiness strategies. Investment readiness makes a firm ready for external equity in three ways (Mason & Kwok, 2010; Mason & Rogers, 1997): making firm's knowledgeable about external equity, pitching firms for external investors' requirement, and improving firms' reporting capability about the true business picture.

The strategies identify the boundary of direction, long-term commitment, and resource requirements of an institution, in a critical environment, to satisfy all other actors' needs and expectations in that institution (Johnson, Scholes, & Whittington, 2008). Actors of the collaborative institution might have their unique strategy, and they either change their old identity or stick to the old form of identity for the smooth functioning of collaboration (Reay & Hinings, 2009). Family farms, as a 'resource dependence' (Pache & Santos, 2010*)* partner, at least for financial capital, in our research, to change their traditional identity to convince the equity providers that they are capable and trustworthy of housing investors' capital. Paper 2, based on farms' experiences, explores the process of building off-farm equity collaboration where we see family farms change their traditional financing model. In doing that, findings show us that farms followed some steps: responding to emerging triggers, searching alternatives, spotting challenges: self-auditing, and getting professionally ready.

The 3rd paper of this research - "Institutionalizing Family Farms for Off-farm Equity financing" is an empirical paper based on the experiences of both four farms and 14 advisors, who gave their different views regarding elements of equity structure-governance and reporting practices. The overall question we explore in the 3rd paper is: how can family farms institutionalise their governance structure to access off-farm equity? We focus on exploring governance processes and practices for family farms wishing to access equity capital from off-farm sources. We inductively found that family farms follow three sequential stages to articulate governance and reporting practices. Stage one is creating a governance friendly culture, stage two is aligning governance elements with farms' and investors' choices, and the final stage is to adopt

suitable practices. Evidence from the third paper also suggests case-specific governance styles in off-farm equity financing. That is, larger farms are more suited to reach to equity deals with institutional and corporate investors because of scale issues. In this case, advisors suggested a set of formal governance structure and sophisticated reporting practices for family farms with large scale who intends to develop bigger equity capital deal. In contrast, small and retail-based private investors can be the preferred equity capital partners for small and medium family farms. In this case, informal governance and less sophisticated reporting may help them access off-farm equity. Finally, we interpreted the findings of our third paper within the framework of the institutional theory.

Contradictions in partners' logics, as discussed in paper one, in the strategic alliance (off-farm equity partnerships in this case) may produce strategic mismatch (Nielsen, 2002). The absence of right governance, to control partners' opportunistic behaviours, in an alliance is a common phenomenon (Parkhe, 1993). Self-governance while producing a better individualistic outcome in an alliance, does not produce efficient outcomes that satisfy all partners' expectations (Parkhe, 1993; Williamson, 1985; Telser, 1980). Thus, the governance structure is regarded as a moderating factor to firm performance and strategic mismatch (Nielsen, 2002). Prior alliance research (Das & Teng, 1998), interpreting from others (Das & Teng, 1996; Yan & Gray, 1994; Sohn, 1994; Neale & Bazerman, 1992; Geringer & Hebert, 1989; Williamson, 1983;) indicates two types of structural specification in alliance structural process: ex-ante and ex-post.

In this thesis, paper 3, grounded in both farms' and advisors' views, explores three elements of governance structuration process for family farms intending to start off-farm equity collaborations. This process includes, in figure 1: governance culture, alignment, and structure in equity structuration process. We theorise these stages of governance under the sequential process of institutionalization following the institutional framework is given by renown institutionalists, Tolbert and Zucker (1999). Institutional theory is a framework that explains how and why an organisation adopts some distinct processes, strategies, schemas, and outlooks, derived from the social interaction and environment where the organization operates (Selznick, 1996). The institutionalisation process is the combination of creating a formal structure, informal norms and administrative rituals and ideologies based on the goals and

problems of the organization to infuse specific values (Selznick, 1996). We relate family farms' governance structuration processes to Tolberts' institutionalization process as follows: Tolberts' habitualization stage with our transformational stage, Tolberts'objectification stage with ours' foundational stage and Tolberts' sedimentation stage with our intensification stage; for the detailed explanation, please see paper 3.

Our theorisation for this paper is justified in the sense that we view family farms, a branch of family businesses, as a separate field of the institution (Sharma, Melin, & Nordqvist, 2014; Melin & Nordqvist, 2007). Family businesses always face legitimacy demands from macro-level actors, such as state, laws, and regulation (Scott, 2013); from major resource suppliers; and from family business professional bodies who advises good practices to them (Parada et al., 2010; DiMaggio, 1988). Following institutional theory (Selznick, 1996), we treated off-farm investors and farm investment advisors as new sources of normative institutional isomorphism (Dimaggio & Powell, 1983) who exert indirect normative pressures on family farms, insisting that farms adopt governance practices to ensure the farms' legitimacy (Larson, 2017; Dimaggio & Powell, 1983; Collins, 1979). We also see the elements of DiMaggio's (1982) "structuration" process as our findings also suggested to incorporate the following elements as part of governance structure: increasing interaction with stakeholders; creating some sets of defined structures, increasing information availability and establishing a shared understanding.

1.13. Ethical consideration

Ethics in a qualitative research project legitimises the researchers' actions and ensures they are not doing anything harmful to any of the research's stakeholders including participants, peers, and sponsors (Miles & Huberman, 1994). Three empirical papers of this thesis fully draw on the firsthand experiences shared by the two group of participants: family owners and the professional farm advisors. We follow ethical research practices from before collecting data to reporting that data. We have received ethical approval from the University of Southern Queensland (USQ) Australia, Human Participants Ethics Committee. Appendix 5 shows the ethics approval letter of this thesis. Secondly, before commencing interviews, I sent a research information sheet (see appendix 6), and a participant consent form (see appendix 7) to each of the participants to sign. Through the consent form, we agreed

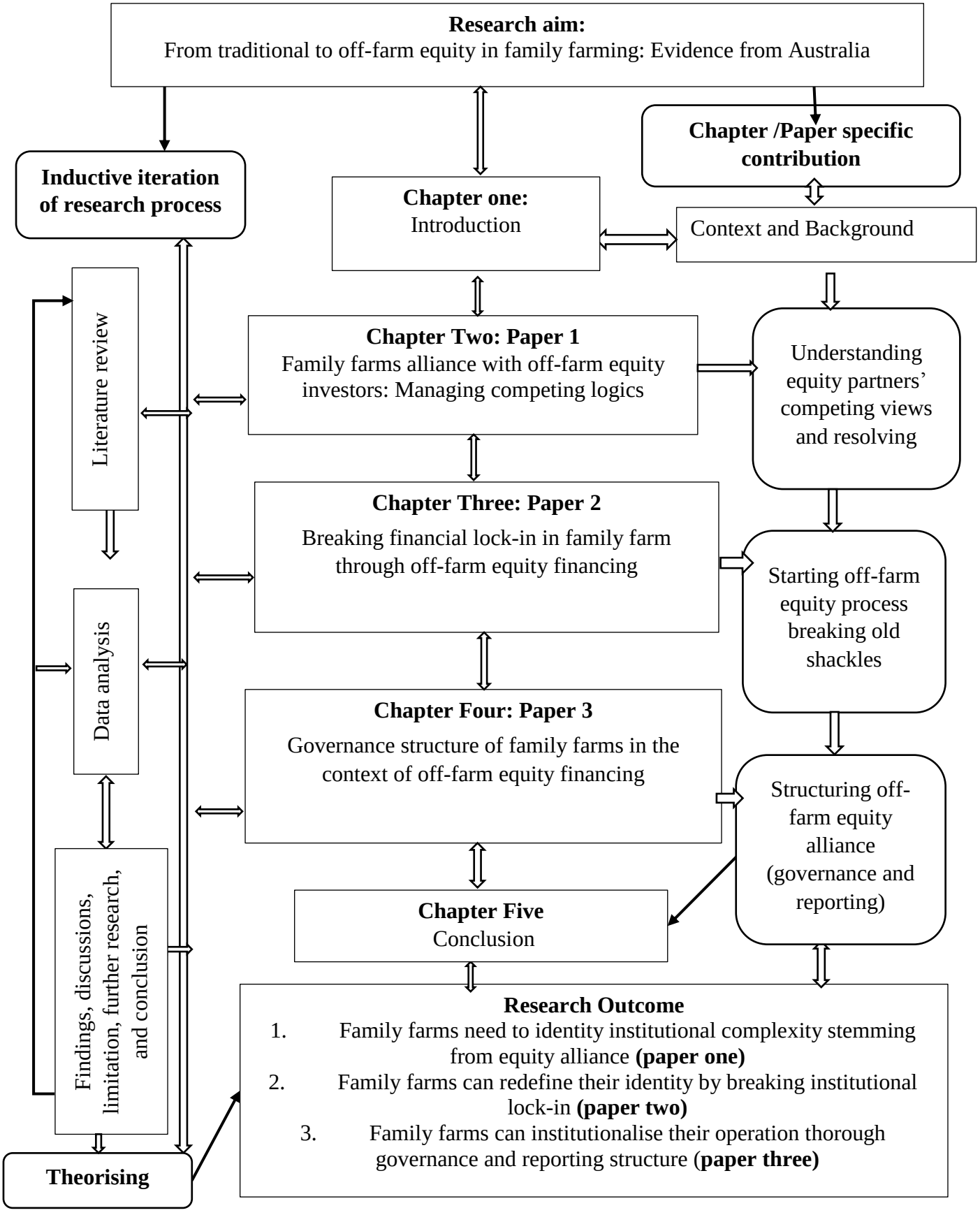
to keep the names and comments of participant anonymous and confidential. These steps align with the requirements of "procedural ethics" (Tracy, 2010).

Moreover, our information sheet ensured that the participants were informed about the purpose of research, had an idea of the types information they might share, the approximate time of interview session, and the use of data being collected. Thirdly, permission was taken to audio record the interviews before each actual interview was started. Finally, we agreed to remove or alter the potentially identified opinions as per participants' request, and participants were assigned pseudonyms in actual reporting. With all of these actions, we ensured the "relational ethics" (Tracy, 2010) of this study. We also ensured "situational ethics" in this project as the objectives of this thesis have not been achieved using unfair methods or practices. Finally, as we did not report anything that created any harms or danger to our participants, we also protected the "existing ethics" (Tracy, 2010) of the study.

1.14. Thesis outline

This thesis is composed of three interconnected empirical papers that explore the overarching aim of the thesis: how family farms access equity capital beyond their traditional sources, off-farm equity capital from off-farm investors. Three papers that are presented in three consecutive chapters are preceded by the introductory chapter and followed by the concluding chapter. See figure 3 for the connection of all chapters. Three important things are clear about the thesis structure from the arrow sign in figure 3: First, all the chapters are interconnected, meaning that the whole document describes one story where each chapter addresses distinctive objectives. Second, the contents of all chapters, including literature, theories, findings, discussions, and interpretation, have continuously been changing due to the flow-on- the effect of inductive iteration in the qualitative analysis and findings of each empirical paper. Thirdly, the researchers have theorised the empirical evidence of each paper at the end of that paper. This thesis advances family farms and agricultural financing literature by linking the empirical findings with different cross-disciplinary conceptual and theoretical issues: strategic alliance, institutional logics, and strategic responses in the institutionalisation process (in Paper 1); institutional lock-in, organizational path dependency and organizational new path creation (in Paper 2); and governance and reporting practice and institutionalization process (in paper 3).

Figure 3: Thesis outline



The 1st chapter, the introduction of the thesis, sets the scene of the study, describing the contexts of off-farm equity capital, providing background information about Australian farms and agricultural industry, and identifying the theoretical and empirical gaps of the study. As an extended part of the introduction, Appendix 1 and two also cover more contextual and historical information relating to farm financing, off-farm equity, and farming industry. Following the introductory chapter, the 2nd chapter, first empirical paper, of the thesis explores the contrasting views of two partners, family farms, and off-farm equity investors, in off-farm equity alliance. This paper also prescribes two practices, emerged from the data, in managing the competing views of off-farm equity alliance partners. This paper is in the process of being submitted to a suitable journal. Chapter 3 is the 2nd empirical paper. Paper 2 accounts three family farms' practical experiences of accessing off-farm equity capital from off-farm investors. This paper addressed two issues: (1) Why family farms attempt to shift their traditional (old) approach towards a new financing path, and (2) how family farms shift their old financing paths into a new one (off-farm equity in this case). This paper has been thoroughly reviewed by my supervisors, but it is yet to be submitted to any journal.

Then final empirical paper, paper three is presented in chapter 4. This paper reports on the governance and reporting aspects that are deemed necessary for family farms to adopt for the accessing off-farm equity. We empirically propose a three-stage institutionalisation process of family farms to adopt governance and reporting structure for family farms. This paper has already been submitted to the *Family Business Review*. As an independent paper- each corresponding to a specific chapter- every paper has a standalone introduction, conceptual grounding, conceptual and theoretical underpinnings, methodological issues, findings, and discussions. Each paper finishes with interpretations, implications, limitations and further research spaces, and a conclusion. The final chapter, chapter five, draws the conclusions of my thesis and articulates its contributions, methodological legitimization is addressed, and limitations are acknowledged.

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CHAPTER 2: PAPER ONE

FAMILY FARMS ALLIANCES WITH OFF-FARM EQUITY INVESTORS: MANAGING COMPETING LOGICS

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Family Farms Alliances with Off-farm Equity Investors: Managing Competing Logics

Abstract

Family farms are increasingly subject to long-term equity capital constraints imposed by their traditional capital preferences, and institutional norms and practices. Off-farm equity alliance with private investors is believed to be one of the best alternatives to overcome this challenge. This paper builds on prior work on strategic equity capital alliances in traditional businesses by considering off-farm equity alliance in family farms. Our main objectives are: to empirically show the competing views of family farms and off-farm equity investors in an off-farm equity alliance and to identify the practices to overcome these competing views. Based on semi-structured interviews with professional farm advisors, and using the interpretive thematic analytical technique, we found eight pairs of competing logics can emerge from off-farm equity alliance. Two strategic responses- equity investment readiness and equity structuring- were suggested to manage contradictory demands. Interpreting the findings with institutional logics theory and strategic response models, our key contribution is to provide a clear conceptualization of why off-farm equity alliance struggle to initiate and what institutional responses are required to actualise this alliance.

Keywords: Family farms, Off-farm equity capital, off-farm equity alliance, institutional logic, farm logic, investors logic, and competing logics.

1. Introduction

Individuals or units of firms are intrinsically self-centered (Williamson, 1985). They like to be self-governed (Telser, 1980). Self-orientation is, however, challenged by the environmental complexity and resource limitations (Eisenhardt & Schoonhoven, 1996; Gomes-Casseres, 1996). The desire to overcome these challenges motivates individuals or firms to voluntarily form an alliance[2]/a collaboration with others (Parkhe, 1993). Before and soon after allying, self-opportunistic behaviours lead firms to experience confrontations due to the absence of compliances in leading alliance agreement (Parkhe, 1993). As a corollary, trust among parties to an alliance

[2] The terms off-farm equity partnership, collaboration, deal, alliance and joint venture strategic off-farm equity alliance would be interchangeably used in this study.

may tear and destabilise, which, may then cause the alliance to collapse due to poor performance (Geringer, 1991). For that reason, it is good for alliance participants to know the logics of others and design the alliance structure to remove the potential conflicts and thereby to ensure the success of the alliances. In particular, tensions may be expected to escalate in an unregulated market setting, for example, financing arrangements between family farms and private off-farm investors, as each party does not rely on a commitment towards the other due to the absence of any defined formal guidelines.

Thus, this study explores how family farms and off-farm investors act and come to an agreement amongst themselves. Traditional strategic alliances literature contains ample theoretical and empirical contributions on multifaceted dimensions and levels of traditional businesses. Less scholarly works have also been conducted in family business alliance literature, especially in the family farm financing domain. Exploring the Australian farming industry, we examined the conflicting views of two partners- family farms and off-farm investors- in off-farm equity alliances, and we suggest some strategic mechanisms to curtail the logics. Conflicting arguments may arise between farms and investors as both parties come from different origins with different expectations about forming the alliance. To this end, we relied on the advisors' opinion who have been engaged in advising both family farms and off-farm investors for a long time, approximately 10-20 years (see Table 2).

Advisors are treated as one of the key elements for farms' decision-making system at least for three reasons (Rose et al., 2018, Nettele, Crawford & Brightling, 2018): First, advisors know farms "mental history" from field level. In other words, by providing expert suggestion to farms over a period of time, advisors develop learning about their farm clients. Second, advisors also preserve farms' "place-based memory." That is, advisors can provide 'specialist support' and 'management intervention' to farms based on farm clients' needs. Third, advisors can articulate the differences among sets of farms from their knowledge developed from the "trusted relationship" with farms over a period. Investors are also observed in relying on advisor's view for their distinct roles in capital raising process. Advisors produce information regarding firms and industry, analyse firms' and industry performance, and audit the performance to signal the firms' reputation (Corwin & Schultz, 2005). We believe, for these reasons, that advisors' experiences are a suitable source of data as they are in a

unique position to understand both farms and investors and their competing arguments. Besides, owing to the challenges of accessing investors as a participant, the intention of this paper to understand farms and investors' logics from a common institutional ground. Advisors are believed to be qualified to have this common institutional background.

Following the vacuum created by neoliberalism policy in family farms and agricultural finance (Lawrence, Richards,& Lyons, 2013; Wolf & Bonanno, 2013; Kotz, 2010), market-based financiers have started to replace government supported schemes almost in all industrialised nations (Ouma, 2016). Off-farm investors including wealthy individuals, high net worth individuals (HNWISs), family offices, asset managers, merchant banks, pension funds, investment companies, private equity investors, private wealth management firms, hedge funds and others, emerged as alternative finance partners using single or multiple investment models (Sippel, Larder, & Lawrence, 2017; Isakson, 2014; Fairbairn, 2014, 2013). Investors' concentration has been on the entire supply chain, including inputs (Ross, 2008), manufacturing, processing, retailing (Burch & Lawrence, 2013, 2009), trading (Murphy, Burch, & Clapp, 2012), risk sharing, price and distribution mechanism (Clapp, 2014;Bush, 2012; Ghosh, Heintz, & Pollin, 2012) and farmland (Sippel et al., 2017; Fairbairn, 2013; Cotula, 2012).

Entrepreneurial family farms (Sippel et al., 2017; Barbarino, 2017) and young family farmers (Cotter, Rochecouste, & Mohsin, 2016) have been experiencing this off-farm financing relationship under different alternative business structure and financing methods (Heath & Tomlinson 2016;Alexander, 2015; Agrifood Skills Australia, 2015). This non-traditional financing alliance is especially advantageous to those family farms that do not have access to sufficient resources and are not capable of or interested in increasing their use of bank financing to grow their businesses (Sippel et al., 2017; Larder, 2015). While outright purchase models of the off-farm financial partnership are hyped in the media (Isakson, 2014), studies found four dominant off-farm investment strategies: own-operate, lease-operate, own-lease out and joint venture in the US, the EU, Canada, Australia, and New Zealand (Magnan, 2015; Fairbairn, 2014). Although the win-win frame of the financial partnership is proposed to facilitate this partnership, the perspectives of farms and investors specific

logics in the contexts of farm-off-farm equity alliance partnership[3]are still missing in the farm and agricultural financing literature. Whereas, a clear understanding of both partners competing logics is necessary to facilitate this off-farm strategic alliance for equity capital. These logics are neither "abstract nor one-sided" but rather "multidimensional" (Sippel et al., 2017).

Strategic alliances have historically been used in the social and political space (Ohmae, 1989), and are now extensively being used as a strategic business tool (Schifrin, 2001; Schifrin, 2001; Day, 1995; Fedor & Werther, 1996; Harbison & Pekar, 1993). It is now commonly used as a firm strategy across business arenas around the globe with more than 10,000 new partnership each year (Dyer, Kale, & Singh, 2001). This model facilitates the partners access to competitive advantages including all necessary resources (Ireland, Hitt, & Vaidyanath, 2002), financial resources and other skills (Pisano & Teece, 2008; Hamel, Doz, & Prahalad, 1989). It also enhances firms' legitimacy and market power (Eisenhardt & Schoonhoven, 1996), risks sharing ability (Baum & Oliver, 1991), new competencies (Hagedoorn, 1993; Hamel et al., 1989; Hennart, 1988) new markets and technologies, and future investment options (Kogut, 1991).

With all the benefits of alliances, unsurprisingly, academic publications that focus on alliances have received serious attention in relation to addressing a number of issues. One group of scholars has emphasised identifying alliance partners' characteristics and partners' selection criteria (Pfeffer & Salancik, 2003; Hitt, Dacin, Levitas, Arregle, & Borza, 2000; Harrigan, 1986a, 1986b; Pfeffer & Nowak, 1976). Other researchers have investigated alliance conceptualizations, models, design, regulation, and performance (Todeva & Knoke, 2005; Day,1995; Varadarajan & Cunningham, 1995). Additional inquiries have found interactive firm cooperation in alliances (Gulati, 1995; Ring & Van de Ven, 1994; Cook, 1977; Heide &Miner, 1992), alliance management (Ireland et al., 2002) including formation (Kogut,1988), governance (Gulati, 1995), success factors (Hoffmann & Schlosser, 2001; Rai, Borah, & Ramaprasad, 1996) and alliance failure (Park & Ungson, 2001). For more themes

[3] For the purpose of this study, modifying G. P. Pisano (1989), we define off-farm equity alliance as an institutional arrangement, either a shared equity or classic joint venture, between unquoted family farms and unquoted equity investors that create ownership structure to protect investment and return and design incentive structure to minimize opportunistic behaviour.

uncovered in the strategic alliance literature, we refer to a recent review of Gomes, Barnes, and Mahmood (2016) of last 22 years of strategic alliance research in 22 leading management journals globally. However, alliance research has mainly focused on traditional strategic alliance rather than the context of family businesses alliance and family farm alliance in particular.

Another stream of literature in which we position our research consists institutional logics and institutional complexity. Institutional theory advocates, as mentioned by Reay and Hinings (2009) and others (Lawrence, Hardy, & Phillips, 2002; Gray, 2000; Phillips, Lawrence, & Hardy, 2000) assert that collaboration is one of the key components of institutionalization. In this research, we treat off-farm equity collaboration in family farming industry as an organization field which is governed by competing logics of both family farms and investors in terms of their "belief system", "related practices" (Scott, 2013), assumptions and values (Thornton, Ocasio, & Lounsbury, 2012) to "create a sense of common purpose and unity" (Reay & Hinings, 2009). The common goal of unity in equity collaboration is to make money both for investor and farms. Two autonomous stakeholders- family farms and off-farm investors- of farming industry domain "engage in an interactive process using shared roles, norms and structure to act" (Wood & Gray, 1991). These shared patterns and beliefs develop institutional logics, which is referred to as partners' cognitive ideas, practices, structure, objects, and cultural materiality (Jones, Boxenbaum, & Anthony, 2013; Thornton et al., 2012; Friedland & Alford, 1991). These logics create complexity in the organization due to the degree of mutual agreement or disagreement with the partners (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). If this statement is true in another organizational setting, we believe that the family farms equity collaboration context would also be affected.

The point of departure of our study is to explore the logics of farms and investors in the context of off-farm equity partnerships. While prior studies in strategic alliance and institutional logics make a useful contribution, there is sufficient opportunity to extend current alliance and institutional logics research by focusing on family farms' external equity investors' partnership alliances. Current farm financing research, to the best of our knowledge, has not fully addressed, theoretically and empirically, the financial and non-financial logics of partners in the context of financial partnership logics. Specifically, we contribute to the literature in three ways: Firstly, our study explores the competing views

of the demand side of off-farm equity alliance (family farms in this case) and the supply side of equity alliances (off-farm equity investors in this case) as few studies in the extant literature uncovered actors' choices and behaviours, from different perspectives of equity deals. These views, unlike other research, are based on the experiences of farm advisors who are engaged in intermediating and advising both farms and investors as part of the dynamics of equity structure. Secondly, we also did not find much empirical evidence that shows how these competing logics can be combined and blended to reach a successful equity deal in a family farm setting. Thirdly, we believe our research will produce necessary food for thoughts for developing equity alliance at different empirical setting**.** Developing alliance across the economic settings around the globe is not straightforward as farms are not unique across the region due to diverse agro-ecological and socio-economic context (van Vliet et al., 2015).

We suggest that it is necessary to have a pluralistic institutional arrangement, like other (Meyer & Rowan, 1977), in off-farm equity alliance through some appropriate reactions. However, how? Current literature shows three ways, intra-organizational (Smets, Jarzabkowski, Burke, & Spee, 2015), inter-organizational (Purdy & Gray, 2009) and organizational peers (Venkataraman, Vermeulen, Raaijmakers, & Mair, 2016), of managing competing logics.

We have divided this article into five parts. First, we discuss our theoretical frameworks and outline the concept of institutional complexity and institutional logics and their relevance to off-farm equity collaboration in family farms. Second, we describe our methodological choices. Third, we present the findings of our semi-structured interview with farm advisors. In the fourth section, we discuss our findings linking them with the theory constructed inductively and the extant literature. Finally, the paper concludes by stating the limitations and opportunities for further research.

2. Empirical setting

The off-farm equity collaboration we studied was in the context of Australian farming during the period 2014-2017. In this period, the family farming industry has received rejuvenated global policy attention as the United Nations designated the year 2014 as the "International Year of Family Farming (IYFF)" (van Vliet et al., 2015; Food and Agriculture Organization of the United Nations (FAO) 2014). As an empirical policy response to this global development, we intend to contribute to the long-term external equity financing policy space of family farms. During the same period, we have

also observed the emergence of significant public and private policy concentration in the Australian family farming and agricultural domain, in particular, the necessity to explore alternative financing alternatives, among other issues, for Australian family farming and agribusinesses. To draw public attention regarding the importune of this policy, the Australian government drafted the Agricultural Competitiveness White Paper 2015 through the process of developing an Agricultural Competitiveness Issue Paper (Commonwealth of Australia, 2015, 2014). Various stakeholders including farmers, industry associations, researchers, finance sector, representatives, supply chain representatives, and state and territory governments, were involved in the consultation process with almost 1000 submissions. In the private domain, we observed high numbers of anecdotal and idiosyncratic inquiries and commentaries on adopting alternative finance and long-term equity in particular. Two special issues of Australian Farm Policy Journal by Australian Farm Institute (AFI), for example: "Financing the Future Farming" (AFI, 2013) and "A Review Farm Funding Models and Business Structure in Australia" (Heath & Tomlinson, 2016) on Australian farm financing authenticate the relevance of our research setting and time.

3. Conceptual grounding

We have reviewed three fundamental areas of the literature: family farms financing, strategic alliances, and institutional logics and institutional complexity. These key issues are the focus of the conceptual and theoretical lenses of our study. We are convinced that off-farm equity is a much-needed equity capital model for family farms, but there is yet to be a clear understanding of how these off-farm equity alliances in the family farming sector can happen. The extant literature has not segregated the demand side logics and supply side logics of off-farm equity. In addition, managing the conflicts of fund users and fund providers has not been discussed in family farms contexts. Most of the equity alliance literature has focused on the context of traditional businesses. Likewise, in institutional logics, most of the literature has addressed logics in traditional businesses apart from few in family businesses contexts.

3.1.Family farm financing and off-farm equity alliances

The literature regarding family business capital structures shows that internal equity and bank debt are the two-dominant sources of capital (Thiele, 2017). Family farms, as a subset of family businesses, are not different. Since the advent of the first agricultural commodity exchange for farm financing in mid-1800s for farm financing

(Bryan & Rafferty, 2005; Clapp, 2014), farm and agricultural sector has traditionally been expanded until the end of the 20th century, through the dichotomy of capital: internal equity and bank-based financing (Williams, 2014; Lowenberg-DeBoer, Featherstone, & Leatham, 1989). Internal equity does not help family farms to grow and increase their scale. Researchers (Lowenberg-DeBoer, 1989; Collins & Bourn, 1986; Melichar, 1984; Gabriel & Baker, 1980) have noted the limitations of debt financing after the U.S. farm crisis in 1980 and beyond. For example, bank debt creates financial, production, commodity, and price risks for farms. Stricter banking regulations after many banking crises across the world (Spitzeck & Hansen, 2010), and global financial crisis in 2008 (Thiele, 2017), made the bank loan a less attractive choice for family businesses. This pushed the family-owned firms to use external equity, which was once treated as the least preferred financing option for family firms (Gottardo & Moisello, 2014; Koropp, Kellermanns, Grichnik, & Stanley, 2014).

Equity financing, the most effective financing option for projects with long-term returns such as product development, expansion, innovation, research or opening new markets (Isaksson & Çelik, 2013). As these project features are also available in capital-intensive farming, equity capital can also be a suitable financing option for farm businesses. Thus, non-farm equity, in the form of public equity, particularly in agricultural projects such as tobacco and ranching (Atherton, 1972), emerged in the US farms and agriculture finance. However, scholarly debates about capital structure decisions of publicly traded corporate firms cannot inform the equity financing problems of farm businesses because most farm businesses' structures are in either of two forms: closely controlled by families, sole trader ship or partnership (Lowenberg-DeBoer et al., 1989). Moreover, family farms are afraid of losing control, regulatory compliance, and costs if external capital is injected (Weild & Kim, 2010).

Since the 1990s, agricultural assets have merged as an attractive investment class to the varied private investor's groups including large institutional investors, investment banks, hedge funds, commodity index funds and other third-party investors (Williams, 2014; Burch & Lawrence, 2009). The main reasons for this attraction is that these investors think that this investment category provides reasonable return, both operational and capital gain, and it is safe, secured, compared to traditional asset class, as it offers inflation hedged return and growth potential (Williams, 2014; Clapp, 2014, 2012; Magnan, 2012; McMichael, 2012; Burch & Lawrence, 2009).

3.2.Equity alliance typology

Expanding on structural choices of the strategic alliance, Das and Teng (2000); Gulati, (1995); and Tallman & Shenkar (1990) have identified a dichotomy of the alliance: equity and non-equity. Collaborative arrangements among firms, for integrating different resources, such as cash, technology, patent, rights, have been in practice either through pure contractual (non-equity) or equity collaboration, even though it has received little empirical analysis (Pisano, 1989). These non-equity arrangements are also known as contractual agreements such as licensing, distribution, supply agreement, technical assistance and management assistance (Hennart, 1988). Equity arrangements refer to a mechanism where one partner partially acquires ownership of other partner's firm, or two or more partners agree to pool different resources under the watchdog of a legal entity which distributes profits or any other surpluses to partners (Hennart, 1991; Pisano, 1989; Hennart, 1988). This collaborative arrangement may take different shapes: equity joint venture, direct equity investment, and consortia. Table 1 summarises common forms of equity collaboration in traditional business.

However, what motivates firms to use equity collaboration? We examined the use of equity joint venture from different perspectives, especially in the contexts of multinational enterprises in different modes: forward and backward integration, horizontal expansion, or diversification mainly in the technology sector to increase minimum efficient scales (MES) for firms' economic activities (Pablo, Subramaniam, & Krishnaswami, 2002; Hennart, 1988). Equity joint ventures were the topic of attention for the industrial economists (Hennart, 1988) and their primitive stage; joint ventures were limited to the same industry in a bid to reduce competition (Pate, 1969). Later, Berg and Friedman (1980) suggested four reasons for equity joint ventures: achieving economies scale to diversify risks; defeating the entry barriers in the global market, developing, or exchanging knowledge, and combatting the xenophobic reaction of host country partner.

These motives behind joint venture, however, were not sufficiently convincing in the eyes of critics; thus, these conditions of equity joint ventures were considered necessary but not sufficient conditions (Hennart, 1988). To extend this issue further

Hennart (1988) clarified why partners prefer equity joint ventures, even at the cost of ownership. Paraphrasing the views of Hennart (Hennart, 1988), we define scale equity joint venture as a way to reconcile the inefficient market of intermediate inputs, such as raw materials, knowledge, distributional channel, tacit technology, nationality and financial capital, in two markets (partners). At the other end, the link equity joint venture is used to produce better alternative solutions for particular resources if partners perceive any simultaneous failure in their respective markets. Based on

Table 1. Forms of equity / non-equity collaboration in traditional business.

A. **Equity joint venture**: contributing equity by joint partners say 51%; 49%, or 50%-50-%, 80%-20% or any other combination, partner holding majority equity portion enjoys a dominant position in the collaboration (Hennart, 1991; Hennart, 1988; Pisano, 1989; Sampson, 2004). 1. **Non-operating equity joint ventures:** do not perform the operations of any partner's, rather they ensure the legal and administrative procedures of partners as per agreed conditions (Sampson, 2004; Hennart, 1991; Pisano, 1989; Hennart, 1988). 2. **Operating equity joint ventures:** create a separate entity with its own facilities, and they perform on behalf of each partner (Sampson, 2004; Hennart, 1991; Pisano, 1989; Hennart,1988). 3. **Hybrid joint equity ventures**: partly non–operating and partly operating (Sampson, 2004; Hennart, 1991; Pisano, 1989; Hennart, 1988).
B. **Direct equity:** no separate entity is created**,** one partner (firm) purchases some portion, less than 50%, of another partner's equity, or any other combination, partner holding majority equity portion enjoys a dominant position in the collaboration
C. **Minority equity:** it is direct, incoming partners' equity would be restricted to 20% of the target partner's (firm's) equity.
D. **Equity joint ventures:** partners either purchase partial ownership in other firms or, establish a separate independent legal entity to pool their resources. Types: Scale equity joint venture and link equity joint venture (Pablo et al., 2002; Hennart, 1988). 1. **Scale equity joint ventures:** it is formed when all parent firms are symmetrical at least in purpose and look for partners for expanding production, distribution, or entering a new market (Dussauge, Garrette, & Mitchell, 2000). 2. **Link equity joint ventures:** formed when all partners are different purposes (Dussauge et al., 2000).
E. **Non-equity Alliances:** no equity and ownership are shared among partners, by default mode of alliance (Gulati, 1995); easy to negotiate, and requires limited investment but it engages opportunistic behaviour (Joskow, 1987). 1. **Unilateral non –equity alliances:** involves transferring one asset to another among partners; they work independently, but the degree of collaboration among partners is minimal. Examples: licensing, distribution, research, and development (Mowery, Oxley, & Silverman, 1998). 2. **Bilateral Non-Equity Alliances:** manifest partners are putting resources and working together, more open than unilateral. Example: joint promotion/production, enhanced supplier partnerships (Das & Teng, 2000).

transaction theorem analysis, Hennart (1988) argued that scaled equity alliance is suitable when two partners attempt to internalise any failing market of at least two intermediate input simultaneously, provided that they find a large difference in minimum efficient scales (MES) (see Hennart, 1988), for a detailed scale equity model).

The two main logics underpinning the arguments for scale and link equity joint ventures are that assets are characterised by two features: (1) firm-specific assets, and (2) assets as public goods. By firms' assets specificity, Hennart means an asset that cannot be isolated form firm. Public good assets mean assets that can be shared at low marginal costs, and it is better to acquire that asset than replicate them. As per this argument, the bottom line for equity alliance to happen: equity joint ventures are an efficient option if the required resources are part and parcel of firm operations and if they incur more expenses to replicate them than to acquire them Linking with this justification, we argue that financial capital is such an intermediate input of farms' production without which farms may not achieve their minimum efficient scales (MES), also known as minimum optimal scales (MOS) (Kaselimi, Notteboom, Pallis, & Farrell, 2011; Fuss & Gupta, 1981; Christensen & Greene, 1976), let alone preferred scales (Kaselimi et al., 2011; Pratten, 1971).

The definition given by Wood and Gray (1991) has attracted our attention as they attempted to revise the definition of strategic collaboration (alliance), by Gray (1989), based on nine empirical and two theoretical papers published in the Journal of Applied Behavioural Science. Ray's (1989) definition of collaboration is as under: "Collaboration occurs when a group of autonomous stakeholders of a problems domain engages in an interactive process, using shared rules, norms and practices, and structures, to act or decide on an issue related to that domain" (Gray,1989, p.11). Based on 11 papers, Wood and Gray (1991) identified a range of elements of collaborations. According to Wood and Gray (1991), a collaborative contract will have the following elements: voluntary membership; common interest and shared goals; medium to long-term capacity; various aspects and opinions; constructive acts; shared institutions/rules/norms; interactive and flexible norms and practices; and solutions beyond their limited visions to fix the shared domain future.

3.3.Institutional logics, logics multiplicity, and strategic alliances

Alliances and networks in firms can be studied within their institutional settings (Osborn & Hagedoorn, 1997) as alliances are the mechanisms of strategic cooperation of inter-organization and entrepreneurs (Gerlach, 1992). To understand the main logics in off-farm equity alliances, particularly the stakeholder level of collaborations (Gray & Wood, 1991), in family farms, this research inductively uses institutional logic theory, which is a meta-theory of institutional theories. Institutional logics is one of the key strands of institutional theory, and the argument around is that rules and practices derive from the behaviours of stakeholders in that institutional context who develop the institutional dynamics over the period (Zilber, 2013; Friedland & Alford, 1991). Institutional logics produce "a sense of common purpose and unity" in the organization setting Reay and Hinings (2009). Based on the work of other institutional theorists (Scott, 2013; Thornton & Ocasio, 1999), Reay and Hangings (2009) suggest that a dominant institutional logic dictates an organizational field despite the presence of two or more competing logics at a time. Others (Smets et al., 2015; Mair & Hehenberger, 2014) argue that competing logics may co-exist in an organization and organizational stakeholders get benefit from this coexistence if properly managed.

Institutional logic creates organizational practices, also known as the actors' roles (Thornton et al., 2012), in an organizational field (Scott & Lane, 2000). Actors in an organization develop their behaviour, provide a clear explanation of their right course of action and articulate ways of success through the principles guided by institutional logics (Greenwood et al., 2011; Thornton, 2004). In the work of Thornton (2004), we find six types of institutional logics: market, corporation, profession, family, religion, and state. In this paper, we considered two types of institutional logics: family farm and equity investors' logics. Previous literature has explored competing for multiple logics in various organization fields, "a community of actors held together by their joint values and beliefs" *(*Reay & Hinings, 2009,p.631*).* Some notable areas are: social and economic development (Venkataraman et al., 2016); public-private partnership (Saz-Carranza & Longo, 2012); healthcare (Currie & Spyridonidis, 2016; Reay, Goodrick, Waldorff, & Casebeeer, 2016); cultural industries (Glynn & Lounsbury, 2005); life sciences (Murray, 2010); manufacturing (Greenwood, Díaz, Li, & Lorente, 2010),family

businesses (Jaskiewicz, Heinrichs, Rau, & Reay, 2016; Reay, Jaskiewicz, & Hinings, 2015); professional services (Smets, Morris, & Greenwood, 2012); private firm financing (Hua, Chen, & Prashantham, 2016), and the microfinance industry (Cobb, Wry, & Zhao, 2016).

Institutional logics adopt the shape of multiplicity if organizations are to comply with the demand (logics) of multiple audiences. The higher the deviation among the institutional logics of multiple actors, the higher the possibility of tensions (Greenwood et al., 2011). The existence of multiple institutional logics among multiple institutional actors creates institutional complexity (Greenwood et al., 2011). Institutional logics theorist acknowledges the presence of multiple logics in an organizational field but is yet to achieve consensus on a systematic conceptual and theoretical platform to respond to this multiplicity (Pache & Santos, 2010). Scholarly works describe different response strategies for managing competing logics among partners: strategic (Dorado, 2005; Oliver, 1991; Pache & Santos, 2010) hybrid (Pache & Santos, 2013b), compatible and central (Besharov & Smith, 2014) organizational (Greenwood et al., 2011), individual (Bertels & Lawrence, 2016; Smets et al., 2015), material (Jones et al., 2013) and co-existence (institutional pluralism) (Kraatz & Block, 2008; McPherson & Sauder, 2013).

In our research, we view family farms and investors as two separate institutions because these two separate units have their own formal: (written and codified legal and political) and informal (social and cultural norms and practices) rules which dictate their entrepreneurial behaviours and create payoff for them (Boettke & Coyne, 2009; North, 1990). We expect that differences and tensions between equity collaboration partners, farms, and investors, originate from two different potential sources in the problem domain of partnerships (Wood & Gray, 1991). These two problem domains create tensions in collaboration as indicated by Wood and Gray (1991): self-interest vs. collective interest, and self-control vs. collective control. Tensions in alliances are inherent but not desirable, in that alliance (Das & Teng, 2000). Such inherent tension of strategic alliances has motivated scholars to call a strategic alliance "a system of multiple tensions- namely, cooperation versus competition, rigidity versus flexibility, short term vs. long term" (Das & Teng, 2000,p.94). For this multiplicity, alliances are also heterogenetic- in the sense that multiple partners engage with a 'plurality of interests, values, loyalties, histories, and preferences" (De Rond & Bouchikhi, 2004).

4. Theoretical underpinning

Our theory selection process was inductive, meaning that we relied on the inductive interpretation of our data to link relevant theory with our findings (Thomas, 2006; Strauss & Corbin, 1998). In this paper, our main intention was to evaluate the raw data to navigate the separate views of family farms and off-farm investors to understand how these separate views can be managed. We were guided by this focus in our analysis (Thomas, 2006), and institutional logics theory (Thornton et al., 2012; Thornton & Ocasio, 2008) and strategic response models (Pache & Santos, 2010; Oliver, 1992) became stronger in our interpretations of the findings.

We believe that exploring views of off-farm equity partners, was better reflected in the mirror of institutional logics. Institutional logics are broadly categorised as the collections of beliefs, practices, values, assumptions, and rules that influence individuals' or organizations' cognition, behaviour, and identity (Lok, 2010; Thornton & Ocasio, 1999). Logics are gradually manifested among individuals or organization through their inherent activities, work experiences, education, influential peers (individuals/organization), and major societal units of institutions such as family, community, state, market, religion, corporation, and professions (Thornton et al., 2012;Dimaggio & Powell, 1983; Friedland & Alford, 1991). Influenced with all of these logics, individuals /organization adopt the basic structure that governs their decision-making pattern (Pache & Santos, 2013a; Thornton & Ocasio, 2008). Differences in logics amongst actors in an organization contradict each other and create logics multiplicity, which can be either be detrimental or beneficial to the organizations' performance (Besharov & Smith, 2014). Incompatibilities in multiple logics create institutional complexity. Institutional logic theorists argue that multiple logics of separate actors can be blended through the logic of bureaucracy to develop a new type of organizational form (Rao, Monin, & Durand, 2005; Haveman & Rao, 1997).

Following these views, in our research, the institutional logic framework fits into three dimensions: first, two different actors in off-farm equity alliances, farms and equity investors, have different logics as they have different experiences, education, beliefs, and social and community orientations. Second, like in other institutional settings, off-farm equity alliance may face logic multiplicity arising from the incompatibility of farms and off-farm investors' logics. Third, an

institutional framework between farms and investors can be created to balance the logic incompatibilities among farms and off-farm investors.

Further, we also believe the art of managing competing logics among farms and off-farm investors, in this paper, could be explained through the framework for organizations' strategic responses to competing demands (Oliver, 1992; Pache & Santos, 2010). This framework suggests five strategic responses, "Acquiescence," "Compromise," "Avoidance," "Defiance," and "Manipulation" to multiple conflicting institutional demands. Drawing on Pache and Santos (2010), we define these terminologies here in brief: acquiescence means accepting some norms and practices; compromise means partial acceptance of all competing demands; avoidance refers to escaping the acceptance of competing logics; defiance is about rejecting at least one the competing demands, and manipulation means altering the contents of competing demands.

Like Oliver's strategy, our findings also suggest family farms can acquire some form of institutional norms and practices and show some compromising responses to manage competing logics. We do not see any relevance here for our research of three of Oliver's other strategies: avoidance, defiance, and manipulation. Also, using Oliver framework, other research (Dorado, 2005; Clemens & Cook, 1999; Sewell Jr, 1992) has also explored how organization strategically fight with conflicting demands of actors.

5. Methods

5.1. Research design

Philosophically, we adopted a constructivist (Gubrium & Holstein, 1997; Roulston, 2010) view in our research. Rather than following a stricter interview protocol, during our interviews, we tried to give a unique sense of our research to each of our informants. Our unstructured interview questions along with the various fine tunned theme of our research, which has gradually improved from preceding interview sessions (Spradley, 1979), were put on the table for discussion with our participants. In response to the call of Reay and Jones (2016) for using a "qualitative pattern inducing" method for navigating institutional logics, we inductively interviewed farm advisors to explore off-farm equity partners' logics.

5.2. Data collection and sources

As we set our main objective to explore and manage the competing logics among off-farm equity alliances, we explored the experiences of participants who have had the experience of dealing with the arguments of both farms and equity investors. To achieve this, we relied on the lens of professional advisors' experience. This perspective is somewhat similar to the "practice lens" (Smets et al., 2015) within institutional logics and the complexity that uncovers a more "dynamic" picture of competing logics (Suddaby, Seidl, & Lê, 2013). Professional advisors' perspectives about the farms' and investors' logics derive from "practical understanding" (Schatzki, 2006) of "everyday experience" (Lawrence, Suddaby, & Leca, 2009*)* with farms and investors. We relied on the opinions of Australian farm advisors who have actively been engaged in advising both equity investors and family farms using or looking for off-farm equity in Australia for the last 10 to 20 years.

We selected the first two advisors purposively (Lincoln & Guba, 1985) considering these two informants would be easy to access and would provide information aligned with our main research question. The other 12 advisors were selected using snowball sample technique (Patton, 1990). We reached a point of theoretical saturation (Strauss & Corbin, 1998) at 14 informants at which point we stopped our interviews. Names of informants and locational identity have not been disclosed to ensure anonymity. The main method of data collection was semi-structured interviews with specialist farm advisors to get real accounts about the field (Morgan, 1983). One of the authors helped in accessing interview participants while I conducted the interviews and recorded them verbatim with an audio recorder with participants' prior permission. Interview time totaled 793 minutes with an average time of 61 minutes per interview. To allow for flexibility, six interviews were conducted face to face while the remaining interviews were done over the phone. Table 2 depicts the participants' matrix of the study that shows different attributes of 13 participants while one participant was removed from the final analysis. This was due to this respondent's reluctance to be recorded verbatim and to be identified. We selected advisors with diversified backgrounds to ensure a quality sample.

5.3.Data analysis

Our analytical strategies consisted of two stages: stage one is an automated thematic analysis, and stage two is an inductive theme. This technique is similar to the work of Young and Denize (2008).

Table 2. Participants' matrix of the study

Professional portfolio	Industry focus	Advising experience (years)	Farming engagement	Geographical Focus	Interview protocol	Interview duration (minutes)
Global Agribusiness Consultant (GAC)	W	20	Yes	AA	F to F	107
International Investment Advisor (IIA)	W	10	Yes	AA	F to F	43
Investors Consultant (IC)	H	10	Yes	AA	T	25
Capital Consultant (CC)	C	20	Yes	Q	T	93
Management and Consultancy (MC)	H	20	Yes	AA	T	35
Accounting and Auditing Firm (AA)	W	20	N/A	AA	F to F	68
Private Equity Firm (PEF)	W	20	N/A	AA	F to F	47
Investment Advisor and Asset Manager (IAAM)	W	15	Yes	AA	T	68
Partnership Consultant (PC)	H	10	Yes	AA	T	58
Independent Management Consultancy (IMC)	W	20	Yes	AA	T	25
Fund Managers (FM)	C & H	20	Yes	Q	F to F	95
Property Valuators (PV)	W	15	Yes	AA	T	80
Agribusiness Banker (AB)	W	10	Yes	AA	F to F	49

W = Whole Ag Industry**,** H = Horticulture Industry**,** C = Cattle Industry, F**=** Farms**,** I= Investors**,** G = Growers, AA= Around Australia. Q= Queensland, T= Telephonic, F to F = Face to face

5.3.1. Stage 1: Automated thematic analysis

We inductively coded (Thomas, 2006) each interview's data in N-Vivo Pro11 and also used Leximancer 4, N-Vivo pro 11 and manual analytical tools together for this paper. Four reasons drove our decision to use Leximancer for this paper: (1) it is recommended for inductive research that does not rely on predetermined theoretical frames (McKenna & Waddell, 2007); 2) it ensures reliability of manually coded text analysis (Smith & Humphreys, 2006), (3) it minimises unreported subjectivity errors of

human interpretation (Nisbett & Wilson, 1977), and (4) it reduces the time involved in the analytical process (Weber, 1990).

For our research, we created a single project in Leximancer 4.0 version for all 13 interviews, and we analysed them collectively. Unlike using Leximancer for positivist ontological evidence (Carson, Gilmore, Perry, & Gronhaug, 2001; Hudson & Ozanne, 1988), we used Leximancer with an interpretative epistemological frame (Lincoln & Guba, 1985), similar to other prior research (Parsons, 2008; Young & Denize, 2008). Leximancer aided an interpretative constructivism stance that gave us the opportunity to broadly contextualize the auto-generated concepts and texts and to see how these texts function with our mental map (Widdowson, 2008; Smith & Humphreys, 2006). This is one of the significant steps towards interpretation from the analysis in qualitative research (Widdowson, 2008). To sum up, we used the software in a manner compatible with an interpretive stance.

Leximancer generated a total of 7 themes and 45 relevant concepts under a theme size of 50%. The seven chronological themes, as per the Leximancer hit map, from interview data are farms, investors, business, doing, model, reporting, and able. Associated concepts and the thesaurus for each of the themes and the concept map have not been presented here due to space constraints, but they are available from the first author. Leximancer itself performs two stages of text extraction, namely relational and semantic extraction, to automatically analyse generated themes.

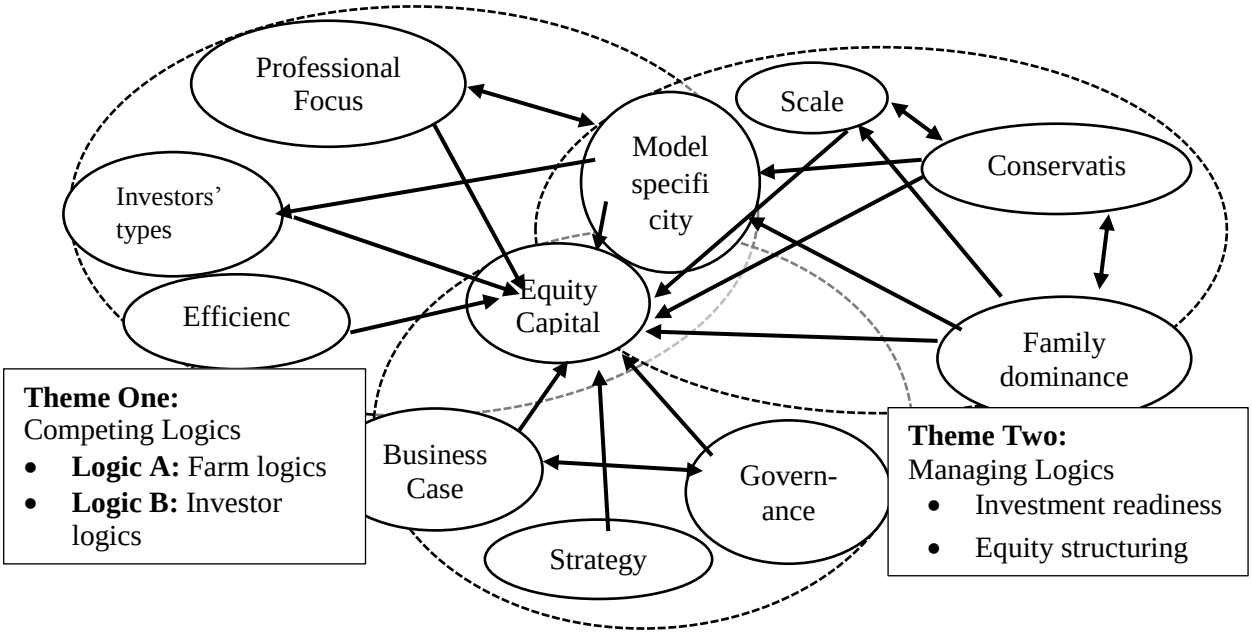
5.3.2. Stage 2: Interpretive thematic analysis

Stronger and explicit themes in a Leximancer concept map do not always unfold important concepts as required to answer research questions, as less important concepts are not reflected in the Leximancer hit map. Hence, we moved from open to the axial coding of data (Strauss & Corbin, 1998) to concentrate on leading themes.

During this stage, we revisited the corpus of interview data coded under each of the auto-generated themes. Using our interpretive hermeneutics, we reviewed all of the seven themes to reveal the meaning of interview texts. In this process, we also observed the implicit and weak concepts in addition to the generic and dominant 45 concepts from Leximancer as the former is sometimes equally important to the latter, provided they satisfy the research focus (Dewey, 2013; McKenna & Waddell, 2007; Margaroni, 2005). This led us to consider all 45 concepts and the background words and texts, which made the concept map and shaped the themes. We interpreted the

background texts to make it differentiated, which is impossible without the researchers' intervention (Young & Denize, 2008). Figure 1 summarizes the results of that interpretation. Arrows in Figure 1 are an indication of the association of concepts described by participants.

Figure 1: An interpretative framework for exploring competing logics and responses



The interpreted data of figure 1 incentivised us to divide relevant concepts under two broader interpretive themes, as shown in the box in Figure1. Theme one is about competing views in off-farm equity alliance and covers two distinct categories: farms' logics (marked as logic A) and investors' logics (marked as logic B). The other theme indicates principles of managing competing views and shows two different principles: investment readiness and equity structuration. We can theorise them as logics by linking them to institutional logic theory. The next section discusses these two themes about empirical evidence.

6. Findings

Based on the automated and interpretative analysis shown in the previous section, in this section we present the empirical evidence answer two research questions: (a) why two parties do to off-farm equity- family farms and off-farm investors- confront each other, and (b) how these can competing for logics in off-farm equity alliances be managed.

6.1. Competing logics: Family farms logics and off-farm investors logics

As our automated Leximancer analysis indicated investors and farms are two leading themes, and inductively we consider these two themes as subthemes under an inductive theme: competing logics. The analysis in Leximancer indicates to us that these two sub-themes are interrelated with other concepts. For instance, the farm sub-theme covers the 13 concepts: family, capital, equity, asset, structure, private, level, land, year, strategy, farming, and debt. The sub-theme investor includes 15 concepts: investment, look, agriculture, people, different probably, institutional, time, Australia, return, Australian, invest, things, and market. We may draw an inference that every other concept in the interview is connected either with farms or with investors. Interpreting all the background texts under these 28 concepts, we named these two themes farm logic (logic A) and investors' logic (logic B) as we observed some competing choices of family farms and equity investors within off-farm equity alliances.

We presented these competing logics in a dichotomous pair to reflect the position of both farms and investor in Figure 1. We included the most relevant, rather than exhaustive lists, eight competing logics from our research are: emotional vs. commercial, tax vs. profit maximization, instinctive vs. evidencing, continuation vs. cessation, financial vs. farming literacy, lower vs. higher scale, traditional vs. professional, and operational vs. capital efficacy. Table 3 presents some representative statements from our informants specifying competing logics of farms and investors. Putting these pairs succinctly in an interpretive statement, we can say from our analysis: in off-farm equity alliances, family farms seem to be emotional, protectionists and traditionalists in taking a business decision and they look to protect the generational legacies. They struggle with lower scales and poor financial literacy with a focus on minimising cost, operational efficiency, and diversification.

In contrast, off-farm equity investors appear to be commercial, positivistic, and professional in their business dealing and they like to ensure a return for a fixed period. They have an appetite for large-scale investments, and they lack in farming knowledge. The primary focus of investors lies in maximising the efficiency of output, capital and divesting. In summary, the representative data shown in table 3 indicates concerns for both for family farms and off-farm investors in off-farm equity alliance. Table 4 summarises concerns under eight different pairs as per researchers own interpretation form data presented in table 3.

Table 3: Data structure showing competing logics in equity collaboration

Dimensions	Logic A: Family farm logics	Logic B: Off-farm investors logics
Emotional vs. commercial	They [Farmers] live on farms, and they [Farms] are their family homes **(**FM). Family farms say we are not making any money (due to) troubles of cash flow and seasonality (PEF)	[Investors] are bit bipolar, --- If anything does not work, they [investors] want to sell. If anything works, they want to buy (FM). They are also kids in a candy store or rednecks in a glitter boat shop. Investors want[a]sense of profitability from farms financials (IIA) and to make a return. (PEF**)**
Tax vs. Return maximization	Farmers always try to minimize their tax, and that is their objective. They actually increase the debt which will increase their interest which will offset their tax payment. (GAC)	Investors [want to] own some of the assets, to participate, and they want capital gain and 100 % gain on the asset **(**CC) They want a mixture of cash return growth about 4-5% and capital growth (increase in land value (GAC)
Instinctive vs. Evidence-based	Farmers do not need to know [data] particularly why they are doing what they are doing because they have been doing it for generations and it's in his DNA. (CC)	Data is particularly important to an investor, and this is actually one of the areas that make assets investable because the data is analysed (IC)
Continuation vs. cessations	Family farms are multi-generational, so they might be thinking its again going to pass it on to the next generation and the next generation because that has been the history of that asset (PEF), different generation want to do it differently **(**PV),	"Investors provide equity to grow farm's business but want an exit to take those funds out of business to realise investment **(**PEP), Investors are here for long-term, (but) they are not forever, they could be here for five years or 10 years or 50 years".
Financial vs. No-financial literacy	Farms merely have financial reporting that are not sophisticated enough that would attract the equity investors (GAC)	Investors do not have any idea what they (farms businesses) actually mean---- Why to invest in Australian agriculture; what would be hurdles, how to mitigate that (GAC)
Lower vs. higher scale	The scale of enterprise within the family farm structure rarely match with the quantum of the capital of private equity investors (FV)	investors want really quite big numbers to make the investment work, for example, $150 million for each transaction, so they would longer term would like exposure to $450 – 500 million of opportunity (FV)
Traditional vs. Professional Governance	The farm is as a lifestyle rather than a business, no segregation of duties, lack of enterprise vision and accountability **(**GAC) Fam' reporting is always focused either on minimising the tax or to meeting the bank governance (Allen). Farms do financial and tax accounting (FM), farms feel comfort with mum and dad type of structure **(**PV); fundamentally dad makes the final decision (FV)	Investors want a good operator with a level of governance (PV) their own representatives or their own independent advisors **(CC).** Majority institutional investors want corporate structure in management and governance and consolidated financial of 3-5 years with a sense of profitability (IIA) and audited accounts by professional (SC) Investors prefer management accounting (FM) and strategic accounting (GAC).
Operating vs. Capital efficiency	Farms need to be really good with current operation and have also got the potential capacity to run a big operation (CC)	Investors need to understand the capital's requirements and then identify and understand the operator's requirements (CC)

Table 4: Underlying common concerns in off-farm equity alliance

Contradictory pair	Family farms concerns	Off-farm investors' concerns
Emotional vs. Practical	Concern regarding the family kingdom	Concern about farms' profitability
Tax vs. Profit Maximization	Tax burden if profit demonstrated	Proportionate reward for investment: share of operating and capital gain
Instinctive vs. Reasoning	Experience is the key to take a decision	Data is the base for making a decision
Continuation vs. Cessations	Controlling generational legacy	Realising capital invested with reward
Financial vs. No-financial (farm) literacy	Farms lack of financial knowledge	Investors lack farming knowledge
Lower vs. higher scale	Scale limitation to attracting investors	Equity Investors prefers to invest higher scale investment
Traditional Vs. Professional Governance	Feeling at ease with the family style of governance	Safeguarding capital through the professional setup
Operating vs. Capital efficiency	Operating efficacy and space for the scale	Understanding farm's concern

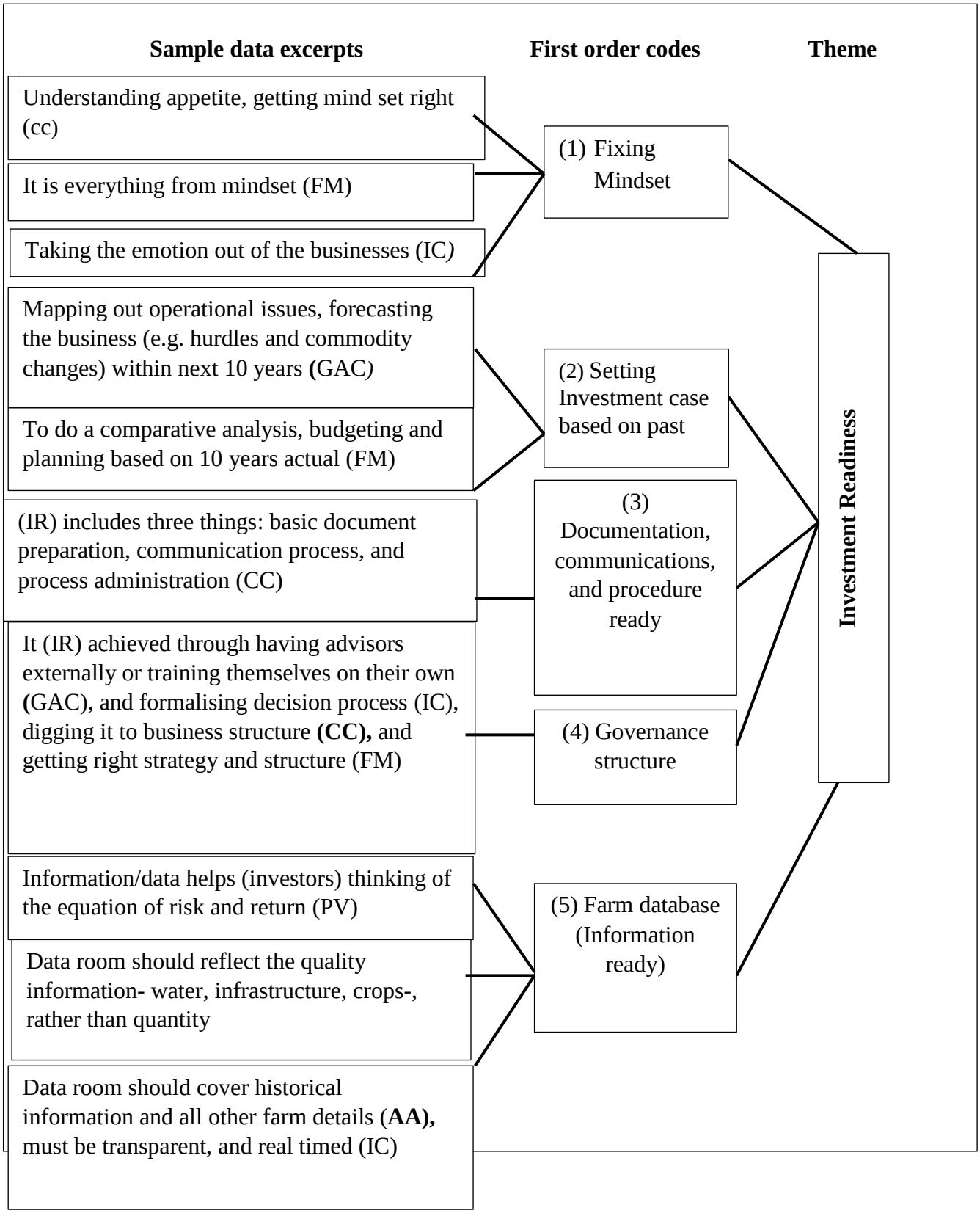
6.2.Managing competing logics

Our participants suggested some mechanisms through which the competing logics in off-farm equity collaboration can be coped with. We classify all the opinions of our participants in relation to mitigating competing logics under two major headings: being investment ready and fixing equity structure. Data also confirms that; professional advisors moderate the investment readiness and equity structuring process. This section describes the views of participants including data structure surrounding these two themes.

6.2.1. Investment readiness

One of the main practices for managing competing for an equity interest, as outlined by informants, is to make family farms investment/investor ready. Leximancer informed maps demonstrate that investors and investment are two leading concepts with 44 related words but did not disclose any compound concept as investor/ investment ready. To make better sense of the data, we have performed text queries in N-Vivo on investors and investment separately.

Figure 2: Data structure showing investment readiness (IR) practices



We looked at the all word trees that makes sense for investment readiness themes such as, investor ready (6 informants), investment-ready (4 informants), documents ready (1 informant), deal ready (1 informant) and information ready (1 informant). Our inductive lens explored five leading elements of investment readiness from the data. These include mindset, investment case, documentation, communication and administrative process, governance readiness and data readiness. Figure 2 shows some representative data around these five elements in for investment readiness.

The background texts of 44 words in Leximancer and the associated texts in the N-Vivo word tree indicate that different participants have different views on investment readiness. One noted: "they [farms]need to be able investment ready, and to be investor ready is a long process; it is understanding, --- what the business can offer, -- to map out the operational issues-- -- to be able to forecast the business and the hurdles in agriculture –in next 10 years" (GAC). To our informants, investment readiness is very important "to bring the actual business to those guys [equity partners" (CC and GAC), and "information memorandum" is one the tools to communicate this readiness. Another participant (CC) commented on *"*pre-thoughts of investment readiness, such as initial investigatory stuff for due diligence and chatting about project target" should be the starting point for investment readiness but very few farms concentrate on this.

The need for benchmarking data both at the national and farm level was another way to demonstrate investment readiness as informed by our participants. Benchmarking information helps off-farm investors in investing greater scale of capital as one participant noted, "they [investors] are looking to invest not $1 million, not $5million, but $100/ $300 /$500million in an enterprise" (GAC). Another participant (PV) noted that benchmarking data "provides [investors] some verifiable data about farms' return, risk, and cost structure as investors look at investment from the mathematics." Around 7 participants stressed on the necessity of benchmarking data. In this context, one advisor noted *"*Australian farm and agriculture [have] benchmarking information for some sectors of the industry, but [they are] not in the public domain" (CC). However, they noted that information, which was available, is "flawed, vexed, and grossly wrong at worst" (CC). Also, the data is biased as farms submit these for benchmarking "if they have a good year" (PV). Another participant (FM) blamed the regulator for this absence of benchmarking data. To address this,

advisors recommended to establish "benchmarking industry index or subindex in agriculture across [the] industry" (PEF), "sectors and regions" (PV), and "neighbouring farms" (GAC). Figure 2 portrays more data structure in support of other elements of investment readiness.

6.2.2. Fixing equity structure

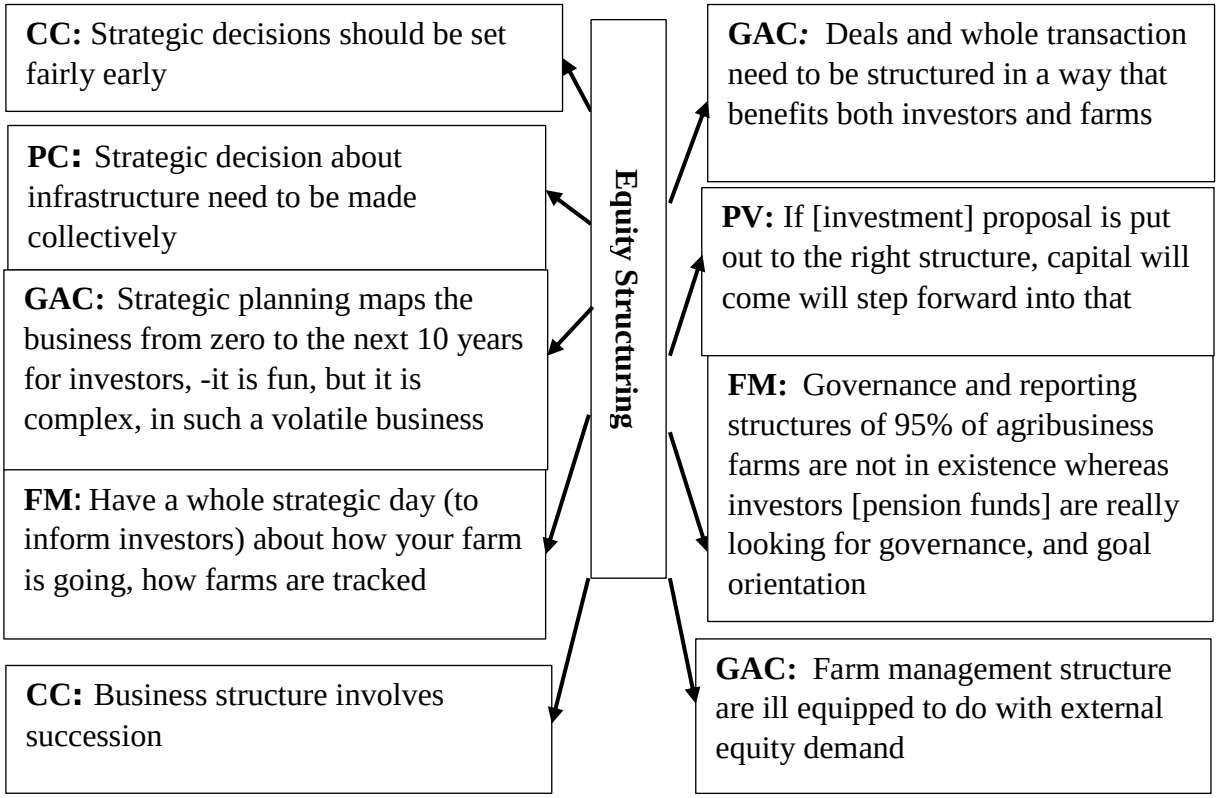
Our analysis also informs us that developing an equity structure at family farms is another key practice to manage competing logics in off-farm equity alliance. According to our findings, equity structuring refers to family farms adopting suitable strategies and being strategic in their farm businesses by family farms. However, our primary themes list in Leximancer do not show any explicit themes such as structure, strategy, and strategic process, we inductively reached these themes from leading Leximancer generated concepts of "structure", "strategy", "process", "needs", "understands", "financial" in the data, as well as their background texts. To get more insights into the concepts, we also checked the interconnectivity of these concepts with other concepts such as "equity", "business", "management, "reporting", "able", "doing", "looks", and their interconnection with other concepts including "structure", "strategy", "process", "needs", "understands" and "financial". The reasons we investigated this interconnection were that we observed in the data that they were interrelated. We observed that almost all of the advisors talked about the proper structuration of equity deal, eight advisors stressed fixing the right strategy while 6 of them emphasised on strategy. We combined these categories into a single theme named equity structuration. Figure 3 depicts some supporting data in support of this theme.

When the interviewees talked about structure, the word tree in N-Vivo showed us some connecting words, compound concepts, which participants shared in the interview. For example, participants, as a whole, mentioned: "investment structure", "management structure", "board structure", "governance structure", "ownership structure", "corporatized structure", "reporting structure", "cost structure", "operating structure", "formal structure", "legal structure", "organizational structure", and "right structure". As we have detailed the right governance, reporting, and ownership structure for right partners in a separate paper, we intentionally excluded these details in this paper.

Analysis of the concept strategic showed us some more related compound concepts like "strategic decisions" (CC and IC), "strategic day, strategic planning, strategic guidance, and strategic analysis, strategic financials, strategic accounting" (GAC),

"strategic assets" (TN), "strategic objectives", and "strategic point of view". A close look of the concept strategy through N-Vivo word tree unveiled some other related compound concept: "exit strategy," "commodity strategy," "growth strategy," "expansion strategy," "investment strategy," and "overarching strategy." Other words related to strategy, in the data, included: stagey about; strategy around; strategy across; strategy between; strategy framework; strategy structure; and strategy for. All these compound concepts of strategy and their background texts indicate the needs of structuration of the equity deal and the necessary components of those structures.

Figure 3: Data structure indicating equity structuration theme



Within the data, 9 out of 14 advisors, confirmed that putting the right structure at farms and adopting the right strategy around that structure is mainly moderated by professional advisors. For this aspect, one advisor (CC) noted that "[equity] structure might be tweaked, people like myself will create a strategy around the structure for both sides and helps create the solution to that structure." Other participants (GAC) argued that "they [family farms] need people of our company or any company like ours--- if they want to double their operations injecting external capital. However, in doing so, the advisor also commented that this kind advisory help should not be

mandatory up to the point where farms are equipped themselves: "it is just letting them acknowledge where their capabilities stop and then to ask for help so that they can be attractive for investors" (GAC*)*. However, in reality, "family farms historically have seen financial advisors as necessary evils" (GAC*)*. Participants also opined that advisors should act for the better interest for both farms and investors: "[advisors] should always be acting in the best interest of both farms and investors --- so that they can solve operational issues in farms and communication between farms and investors" (CC). Other argued that advisors advocate filling the gap between farms and investors: "we actually bridge the gap, we are matchmaker Dot Com." (FM)

7. Discussion

This research is one of the few first studies in family farm financing that has explored the multiple logics of family farm businesses and off-farm equity investors that potentially inhibit flows of funds between private family farms and off-farm private investors in the family farming setting. Firstly, we identified eight pairs of competing forces- emotional vs. commercial, tax vs. profit orientation, intuitive vs. evidencing, financial vs. nonfinancial literacy, lower vs. higher scale, traditional vs. professional governance, and operating vs. capital efficiency. These sources of competing logics may inhibit the formation and progression of off-farm equity alliances. Secondly, we identified two practices that family farms can develop to manage multiple competing logics that may maximise the chance of accessing off-farm equity. The policy implication of our research is that off-farm equity partners and stakeholders can get more information regarding the farms and investors' arguments to facilitate the institutional arrangement in the off-farm equity market.

In the following section, we theorise our findings in resemblance with current theories and literature and spot spaces for further research. We explored two practices: investment readiness and equity structuring, as likely mechanisms, moderated by professional advisors, to curb these competing logics.

7.1. Logics multiplicity between family farms and off-farm equity investors

One important contribution of our study is that it has identified logics of the demand side of off-farm equity capital as well as amongst suppliers of off-farm equity capital. Following the conceptualizations of institutional logics explained in section 3, our research extended the idea of institutional logics (Thornton et al., 2012; Thornton & Ocasio, 2008) in the context

of family farm financing viewing farms and investors as separate logics. Both family farms and off-farm investors show diverse sources of logics in off-farm equity alliances as their behaviours are influenced by different normative, principles, and different social and cultural templates (Scott, 2013; Thornton & Ocasio, 2008; Friedland & Alford, 1991).

Although the term "family farm logics" is rarely used in the farming literature, we accept the main objectives of family farms as family farms' logics from the previous family farming literature (Lobley,Errington, McGeorge, Millard, & Potter, 2002; Stokes & Blackburn, 2002; Anderson & Jack, 2000; Errington & Gasson, 1994; Gasson & Errington, 1993;Johnson & Booth, 1990; Gasson et al., 1988). These researchers confirm fundamental logics of family farms, such as keeping the control in the family, passing farms to the next generation to ensure emotional survival, protecting prestige, and keeping the family name on the land. Family farms may also find themselves under severe tension due to the economic recession, loss, or transfer of the farm business, and lose ownership. In our research, we found family farms demonstrate the logics of emotion, protectionisms, input orientation, generational attachment, poor financial literacy, traditional business style, operational focus, and business diversification.

Our research can be connected to the previous works (De Rond & Bouchikhi, 2004; Das & Teng, 2000) that focused on exploring dialectics of strategic alliances in a bid to understand reasons of alliances instability in the context of family farming, even though they were not undertaken in the farming and family business context. In their work, Das and Teng (2000) identify three pairs of internal tension in the strategic alliance: "cooperation vs. competition," "rigidity vs. flexibility" and "short-term vs. long term." Claiming these three tensions as being incomplete sets, De Rond and Bouchikhi (2004), based on the theory of human behaviour in organizational settings (Bouchikhi, 1998), treated strategic alliance as "heterogeneous phenomena that are continuously torn by multiple and contradictory forces." According to De Rond and Bouchikhi (2004), multiple contradictory forces (competing logics in our view) for which alliance organizations are permanently torn may include but are not limited to: trust, autonomy, emergence, replication, contradiction, individualism, competition, conflict, vigilance, control, design, innovation, expansion, collectivism, cooperation, and compromise. These lists of logics, however, may also be extended to explore more tensions at multiple levels of a single strategic alliance (De Rond & Bouchikhi, 2004). Our research may be treated as an empirical response to that extension.

Likewise, from off-farm investors' (fund providers) point of view, our work also contributes to identifying how off-farm equity investors deal with conflicting logics from family farms. Our research reveals that, unlike family farms, investors show more commercial logics. Empirical research unveiling the financiers' logics including (public, commercial, and private financiers) behind investing their money with different partners in different contexts are rarely known. Even though every commercial financier is different in their logics to invest their money (Pahnke, Katila, & Eisenhardt, 2015), they show two notable financial logics: strong financial returns and low risks (Katila, Rosenberger, & Eisenhardt, 2008). Money management practices, long-term investing spirit, community logics, and social return logics are other noted logics described by investors in previous studies (Almandoz, 2014; Battilana & Lee, 2014; Lounsbury, 2007).

Larger size is one of the essential attributes of firms that investors' logics consider as it indicates the gene of firms past and future financial performance and stability (Josefy, Kuban, Ireland, & Hitt, 2015; Geroski, Mata, & Portugal, 2010; Greenwood & Suddaby, 2006; Berk, 1995). Better financial performance generates firms' solvency and increases the capacity to pay the loan repayments (Fama & French, 2012). Of all investors, institutional investors are susceptible to selecting the right partners as their central investment committee ensures the due diligence at head office (Gonzalez, 2010). All these findings from previous research support the assertion that investors want more professional partners, which is in line with our study.

One interpretation of our research is that the multiple competing logics in off-farm equity collaborations impede the off-farm equity flow from equity investors. This is consistent with the previous findings, which claimed that logic multiplicity could be threatening to firm performance and put organizations under stress. Other scholars (Smets et al., 2015; Jay, 2013; Kraatz & Block, 2008; Tracey, Phillips, & Jarvis, 2011), however, have positive views on the consequences of logics multiplicity. These works confirm that actors consider multiple logics as resources and they can become innovated, sustainable, and improved even though actors face some institutional complexity due to logic multiplicity. Following these observations, we argue that gaining knowledge by partners about each other can also create positive outcomes in the alliance. Likewise, off-farm equity collaboration actors- farms and investors- may consider their respective logics as a way of transferring knowledge. Farms can learn financial literacy, and business skills from investors and investors can increase their farming literacy. In this context, it is a relevant

question to ask what kind of alliance facilitates learning. We suggest that the co-investment model is the best model that the farming industry can adopt as it protects the maximum interest of both farms and investors. Traditional alliance literature (Dussauge et al., 2000), however, informs us that link alliance, alliances with different capabilities, may provide more capability and learning, than that of scale alliance, alliances with same capabilities. Further research can also be done on the scale and link equity alliance in family farming industry.

7.2.Managing logics

As explained in our literature review section logics multiplicity in an organization field, is not a new phenomenon. What is new in our research is the extension of the concepts of logic multiplicity into the context of the family farms' off-farm equity alliances domain. In essence, we want to contribute to how these logics multiplicity could successfully be managed in a context where family farms build equity alliance (as is our case) with off-farm investors. We identified two possible ways- investment readiness and equity structuring- through which off-farm equity alliance can manage competing logics of farms and investors. We argue that these practices are strategic responses from family farms as the equity alliance is a strategic journey for both farms and investors. Our findings with the theoretical strategic framework of Oliver (1991) and Pache & Santos (2010), which was designed to respond to competing for institutional demands. We observe the links between two tactics under two strategies, as outlined by Oliver, in our research: firstly, compliance tactic as a part the strategy of acquiescing, and secondly, the relevance of a compromise strategy with balanced tactics.

Following the Oliver (1991) and Pache & Santos (2010), we interpreted our investment readiness stage using "compliance" tactic under acquiesce strategy. Using our interpretation, in this study we identified two practices: investment readiness practice and equity structuration practice. Within investment readiness practice in our findings, family farms capture future phenomena upfront in congruence with off-farm equity investors. Our research indicates, that as a part of equity investment readiness practice, partners require the articulating of specific business goals that cover: a positive mindset towards off-farm equity; setting up investment case that covers operational and future direction of the business; developing document and constructing communication with investors; and taking care of right business structure and farm databases, (see Figure 2 for relevant quotes during the investment readiness stage). These investment readiness initiatives can

be related to compliance tactic of acquisition strategy within strategic response model of Oliver (1991) and (Pache & Santos, 2010). Acquisition strategy, with compliance tactic, fits in the sense that family farms would demonstrate through the investment readiness phase that they have the mindset to accept off-farm investors as partners and to adopt some norms and institutional requirements demanded by off-farm investors. Previous research has also talked about adopting formalised, rational, and standardised structures for family businesses, which eventually increase family business capability (Stewart & Hitt, 2011; Hwang & Powell, 2009; Chittoor & Das, 2007), and will lead them into the territory of professionalization. Professionalization subsequently increases the likelihood of firms' accessibility to finance at a cheaper cost, and more competitive terms from different financing mix including public equity, private equity, and banks (Dawson, 2011; Bancel & Mittoo, 2009; Ravasi & Marchisio, 2003; Barden, Copeland, Hermanson, & Wat, 1984)

This investment readiness, conceptually, is also comparable with the *ex-ante mechanism* of the alliance structuration process in line with (Das & Teng, 1998) prior alliance research which is based on other work (Das & Teng, 1996; Sohn, 1994; Yan & Gray, 1994; Neale & Bazerman, 1992; Geringer & Hebert, 1989; Williamson, 1983). According to these works, the ex-ante mechanism includes identifying shared equity ownership and mutual commitment of non-recoverable investments at the beginning of the alliance process. Another stream of research labels this strategy of the alliance as "fixing shadow of alliance future through open and frequent contract and fixing front end matters" Parkhe (1993).

One important aspect of our equity investment readiness process to maintain communication. Communication between partners is the way in which confidence can be developed in the alliance structure (Das & Teng, 1998) and it converts asymmetric information into symmetric information (Kramer, & Tyler, 1996). Our research also confirms that this role of communication in off-farm equity alliance is best settled by professional advisors as they understand both partners' language. One participant (CC) noted: "external advisors should always be there – in the best interest of those primary goals to provide a communication bridge with the investors and farms." Previous farm business research (McElwee & Annibal, 2010; McElwee & Bosworth, 2010) has also argued that appointing professional advisors gained business skills and training for farms that intron led farms to be profitable. Like previous alliance research (Das & Teng,

1998; Doz, 1996), another important interpretation of this investment readiness strategy is that it will control partners' opportunistic behaviours and increase cooperation spirit.

Another practice to manage the competing logics between family farms and off-farm equity investors are to structure the off-farm equity deal. Our findings suggest farms are required to adopt some structure including, business planning, strategic planning, management, board, governance, and reporting, as well as an operational and cost structure. It means that family farms are expected to adopt "structural compliance" (Meyer, Scott, and Strang, 1987) and strategic compliance (Smith & Tracey, 2016) to manage the competing view in off-farm equity alliance. This part of the findings is also aligned with the Oliver's (1991) and Pache & Santos', (2010) view of compliance tactics withing acquiesce strategy. This structural and strategic adaptation would enhance firms' legitimacy, family farms in this study, and remove the negative perception in the public domain, off-farm investors' domain in our case,(Oliver,1991).

Moreover, the above structural compliance at family farms also ensures "procedural fairness" (Luo, 2008) view in the off-farm strategic alliance. Procedural justice safeguards long-term attitudes, for example, commitment, trust, and harmony improve cooperation and increases operational and financial performance in a strategic alliance. Because off-farm equity alliance partners may be unknown to them each other, correct information and pay-off from equity alliance would possibly be difficult to envisage due to the given uncertain and asymmetric environment and relational risks among partners (Das & Teng, 1998; Johnson, Korsgaard, & Sapienza, 2002; Parkhe, 1993; Reuer & Koza, 2000). In such uncertainty, maintaining procedural fairness in the equity structure works to ensure as equity preserver in the alliance (Johnson, 1997; Korsgaard, Schweiger, & Sapienza, 1995; Sheppard & Tuchinsky, 1996).

Another dimension of equity structuration is that the off-equity deals are deemed to consider the interests of farms, other active members in that farm business, and the off-farm investors. We observed that our participant advocated for this position. As one noted: "the external investor [needs to be] happy in the [equity] structure in a way that the farms are happy; there is no other point; otherwise you cannot have an [off-farm equity] transaction" (GAC). Other pointed that: "If they [farms] want to be part of [equity model] with no exit plan, and if the investors want just to help the farms for the first 5 years and then they [investors and farms] are going to make another arrangement that is not going to work; so it depends on both parties; and it varies what they [farms and

investors] want" (CC, PEF &FM). In other words, we can say that there is a necessity for adopting a balanced approach, as in the balanced tactics of the compromise strategy in strategic response model (Oliver, 1991; Pache & Santos, 2010). Compromising actors' interest in an institution, the off-farm alliance in our case, leads that institutional arrangements to the path of stabilization and it develops the power of resistance amid institutional pressures (Oliver, 1991, & Pache & Santos, 2010). Participant's views for equally considering competing interests of both farms and investors in an off-farm equity alliance supports the view of balancing tactic of compromising strategy. Balancing is, in fact, a "tactical response" (Oliver, 1991) to off-farm equity alliance that may facilitate an equally acceptable structural solution to partners' competing logics. Oliver (1991) referred to other research (Powell & Friedkin, 1986) that has used the balancing tactic of compromising strategy to satisfy the competing expectation of different parties in a non-profit organization.

However, the aggregate analysis of participants' views does not inform us about any dominant and unique structural practices for all types of off-farm equity alliance partners. Previous scholars (Parkhe, 1993) also confirmed that not every strategic alliance structure is not alike and, thus there may not be any unique structure for all types of alliance partners. Therefore, equity structure may be flexible enough on the choice of partners: "ownership [structure] can be kind of flexible, it depends on the structure you have created (CC). This is in line with previous research in the strategic alliance (Heide & Miner, 1992).

8. Implications

The first implication relates to how farms and equity investors make sense of the meaning of logics when they encounter in constructing off-farm equity alliance. In their discussions of managing rivalry within competing for institutional logics, Reay & Hinings (2009) argue that collaboration is one of the significant elements of the institutionalisation process. Following the views of other scholars (Hardy, Lawrence, & Grant, 2005; Maguire & Hardy, 2005), Reay & Hinings' (2009) arguments is that the actors of any collaboration intent to take either one of the two identity alternatives: partially changing their old identity and taking on a new one or strictly maintaining a separate old identity. More significantly, interpreting other works (Huxham & Hibbert, 2008; Hardy, Phillips, & Lawrence, 2003) Reay & Hining (2009) continued that this choice of identity among collaborators indicates that each collaboration is unique in their

structure as partners are different in terms of intentions, goals, desired outcomes, level of trust, and openness to knowledge transfer. Putting these views in our context, we cautiously draw an argument that both family farms and investors might change their old identities and embrace new forms of identity to develop off-farm equity alliances successfully. In other words, it would be better for family farms to sacrifice, at least partially, their emotional wealth by adopting professional practices to convince investors. Correspondingly, investors may also compromise their rigid attitudes towards demanding stricter compliance from family farms to the same extent that they expect from publicly listed firms. Of course, another argument may emerge around family farms needing to make the most changes as they are the resource dependent partner (equity capital in this case). However, we did not have sufficient evidence to claim that.

The second related implication, perhaps more important than the first one, is the need to analyse the experiences of the conflicting demands that family farms and investors might potentially face before responding to competing logics. This implication is rooted in the works of (Pache & Santos, 2010) who argued that complying with every conflicting demand for each partner in collaboration is not possible. Pache & Santos (2010) suggest that partners might forego some dimensions of logics to satisfy other logics. It is an obvious paradoxical tension, especially for the resource dependent partners, family farms in our research. To overcome these situations, Pache & Santos (2010) suggests that partners might examine the nature of conflicting demands and the internal representation of conflict in the collaboration. To Pache & Santos (2010), the nature of demands gives an idea about the negotiability of the contact while internal representation indicates the degrees of the stakes (one-sided/ two-sided/or multisided) associated with the contract. In our research, we also do not argue either family farms or investors can respond to every conflict equally. Instead, it depends on the abilities and strengths of the partners to off-farm equity alliances.

9. Limitations and future research

Findings of this paper raise a further opportunity for future researchers as the farms' and investors' logics extracted in this paper has been instituted from the small sample size. Our position is that findings from this number of advisors allow us to explore competing logics in the context of family farms' off-farm equity partnership that deserves consideration for moving forward. However, it is less likely possible to argue that the sources of competing views drawn in this paper are exhaustive to fill the conceptual and

theoretical gap. Thus, further research is needed to explore more logics and underpinning competing for views from the bigger size of advisors with multiple geographic concentration around Australia.

Another limitation of our findings is that our analysis concentrated less on the diverged interviewees' opinions observed in our data. In one hand, reporting diversity in qualitative research findings is highly encouraged for 'deeper insight' (Bansal & Corley, 2011). On the other hand, investigators are recommended to tackle the sense of 'anything goes' in qualitative inquiry in the name of diversity (Bansal & Corley, 2011). However, we acknowledge that this paper can be interpreted through alternative theoretical and conceptual lense if the unreported juxtaposition in findings is taken into consideration in a wider scope of research.

One of the important dimensions that have not been covered in our study is how off-farm equity alliances would minimise the logic of multiplicity by countervailing partners' individual choices, strengths, and culture. Each partner – either farms or investors- has separate orientations, sizes, sources, cultures, intentions, and sophistication regarding management, governance, reporting, decision-making, exit, control, and the range of other issues. Logic management principles, particularly alliance strategy, structure and strategic directions are subjected to modification with these dimensions.

Another possible stream of research omitted in our paper is tailoring partners competing for logics in off-farm equity alliances and navigating the associated logics management principles with the demands of farms business models and investors' class and preferred investment models. Within the traditional alliance literature, we identified different forms of equity alliance: operational and non-operational equity, scale and link equity, direct and minor equity, and bilateral and multilateral equity. We also found different farm business models, both in literature and in our findings: sales and leaseback, own-operate joint ventures, private equity and passive and active models. On the investor side, we found multiple investors: institutional, corporate, family offices and high net worth investors. Prior research of equity collaboration in biotechnology industry shows transaction specific problems and suggests tasks and environment specific governance structure (Pisano, 1989) Researchers might explore the perspective specific analyses and may develop some typologies for farming industry equity alliance.

Due to a lack of empirical research in the field of family farms, we used mainstream institutional logics and strategic alliance literature as proxy arguments to cementing our

work. This indicates that family farms literature (both empirical and theoretical), especially farm financing collaboration and embedded partner's logics in that collaboration, has the potential for future researchers to enrich these particular issues in different societal, cultural, regional, industry and country contexts.

Our findings confirmed the role of specialist advisors in bridging the gap between family farms and off-farm equity investors' alliance. However, exploring the whole realm of professional advisors' roles in this bridging processes was not intended to be a part of our research. Examining the role of professional advisors in paving the way for off-farm equity collaboration in the family farming industry could be another interesting arena for further research. Another important area of research would be exploring the equity alliance process in the family farming industry. Researchers could use the Van de Ven Poole's framework (Van de Ven & Poole, 1995) to study the family farms equity alliance process. This framework provides four ideal-type approaches to the alliance process: life cycle, teleological, evolutionary, and dialectic.

Another limitation of the study is that it was conducted based on a small sample of only primary data. While this qualitative inquiry with small size explores meaningful insights regarding farms and investors logics and related practices to manage these practices in off-farm equity alliance, research community should be careful regarding the generalisation of the findings in their own settings. For establishing, at least a partial generalizability (Myers,2000), we invite researchers to extend this research by collecting a large qualitative data set relevant to family farms equity financing collaborations to unveil the overall picture of such alliance. By bigger data set, we refer to naturalistic data (print and electronic media report, social media sentiments, public inquiries, and conference proceedings) in contemporary developments around farms and agribusiness finance and investment and more in-depth case studies of family farms that have successfully developed equity partnerships in any forms. Though we invite further research using additional data sets, our stance in this research is like that of other scholars (Gioia, Corley, & Hamilton, 2013) who argue that inductively generated qualitative research, even with small sample size, is worthy of generalization.

Finally, this study acknowledges limitation that views of professional advisors, based on which logics of farms and investors have been evidenced in this paper, might have 'social desirability' bias (Dodou & Winter, 2014). Owing to social desirability bias, advisors might have shared their experiences in a manner to justify their

professional necessity in the off-farm equity alliance. Having addressed this limitation of bias, it was the feeling at the data collection stage that advisors knew the details of farms and investors' competitive strengths and they only expressed the desire to help the off-farm equity partners to develop the equity partnership. Moreover, the interview questions were worded to avoid potential advisors' bias.

10. Conclusion

One of the most basic conclusions that follow from our study is that off-farm equity collaboration is still at an emerging stage in the Australian family farming industry context. Various stakeholders, including family farms, investors, professional farm advisors, industry representatives, and regulators have a role to play to in improving the market for off-farm equity. This study is one of the few first attempts of its kind. From the data, we have developed some eight contradictory pairs of logics that identify the reasons for possible internal tension in an off-farm equity alliance. However, we cannot deny the possibility of more contradictions. As there is the absence of a unique off-farm equity alliance fitting the strategic choices and boundaries of off-farm, equity alliance partners, the conceptual framework of contradictory dimensions that emerged in this research can be used to develop a more comprehensive framework in order to yield further insights into internal and external tensions in off-farm equity alliance.

We also proposed two practices- investment readiness and equity structuration- for managing the contradictory views in off-farm equity alliances. Like our contributions to competing logics of off-farm equity alliance, we also expect that these two practices may be used as a point of reference in exploring more practices. Another conclusion we may draw from our findings is that neither farms nor equity investors dominate in off-farm equity logics. Rather, each of the parties might create space for other for ensuring coexistence and to achieve their common goal. Finally, we conclude that family farms may take a leading role in demonstrating to equity providers that they have taken every step to ensure procedural fairness for the long-term. We also conclude that off-farm equity alliances can learn many things from its traditional counterparts, alliances established in traditional business.

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Breaking Financial Lock-in in Family Farms through Off-Farm Equity Financing

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Breaking Financial Lock-in in Family Farms through Off-Farm Equity Financing

Abstract

We adopt an interpretative narrative analytical technique to study the off-farm equity accessing the experience of three Australian family farms. Our qualitative inquiry reveals that family farms remain financially stuck to traditional financial models over generations. Nevertheless, family farms with the desire to expand tend to create new financing paths triggered by internal and external financing needs. Stories of three family farms' external equity journey gave us five narratives regarding their new financing path: motivation for change, soul reflection, right partners, professionalization, and letting go and taking on narratives. Linking these narratives with path dependent theory, path creation processes and new path creation theory, we developed a four steps off-farm equity accessing process: responding to triggers, searching for alternatives, spotting obstacles, and getting ready. Our interpretation is that this four-stage path creation model breaks family farms' financial as well as institutional lock-in and makes sense of family farms' investment readiness process. We contribute to the farm financing, institutional path dependent, path creation, and investment readiness literature.

Key Words: *off-farm equity, path dependent, path creation, family farms, narratives, investment readiness, Australia*

1. Introduction

Researchers have already acknowledged the fact that there have been few changes, over the last century, in the ways family farms finance their capital needs (Mishra & Moss, 2017). For this paper, those farms are defined as family farms where all the strategic and operating assets remain under the control of family members, all the decision are kept under family, and a few proportions of external labour is hired to operate the farm businesses (Van Vliet et al. 2015, Djurfeldt, 1996). Family farms generally stick to traditional financing choices, mainly with bank debts and internal (generational) equity capital. This restricts their growth potential and ability to take advantage of economies of scale and scope. During the 1980s, developed economies'

farming sectors, the US farming sector, experienced changes in financing structure of farms and agriculture (Mondelli, 2012). As part of these changes, off-farm equity started to supplement the debt-based financing model. Recent research also shows a shift among family businesses from the traditional paths of financing towards external equity financing (Neckebrouck, Manigart, & Meuleman, 2017). In the contexts of family farms, private investors including institutional equity, private equity firms, family offices, and high net worth individual (Wessel, Decker, Lange, & Hack, 2014;Welsh, Memili, Rosplock, Roure, & Segurado, 2013) have also emerged as suppliers to off-farm equity capital to family farms. However, much less is known about how family farms attempt to access off-farm equity from these private investors. In this paper, our ambition is to depict why and how Australian family farms are diverting their traditional financing path towards an innovative financing path, namely off-farm equity capital.

The Australian family farms' financing model, like the other economic settings, has also been bank-based for a long period, approximately for the last 100 years (Heath & Tomlinson, 2016). Family farms object to off-farm capital injections owing to farms' emotional fears of losing farms ownership, generational inheritance, and sensitiveness to outsiders (van Vliet et al., 2015; Casson, 1999). Structural changes and post-neoliberalist conditions in the Australian agricultural sectors have created renewed pressure on family farms to expand their capital base. Driven by this new force, Australian family farms, in recent times, has witnessed a shift towards accessing capital from off-farm investors. A small number of Australian farms are currently accepting off-farm capital in different forms. Despite this shift, motives, and ways of exploring off-farm equity capital have not seriously been examined yet in the literature. To understand this change, two questions were considered in exploring this setting: why farms start their off-farm equity journey and how family farms access off-farm equity.

To answer these questions, we relied on the individual experiences of the off-farm equity accessing the experience of three family farms. From a theoretical point of view, as has been explained in the theoretical section of this paper, the family farms' financing experiences in our study can be related to the essence of organizational path

dependence, path creation processes, and new path creation theory. According to path dependence theory, the present policy of an institution is the outcome of gradual progression of certain events, having specific historical roots (Woerdman, 2004; Arthur, 1990; David,1994). This institutional evolution may cease which then create institutional lock-in (Woerdman, 2004). Institutional lock-in emerges from using sub-optimal policies in the absence, or even in the presence, of optimal policies (Woerdman, 2004). Institutional lock-in, however, breaks when new developments in the institutional environment emerge. In our research, we use the concept of institutional lock-in to understand the family farms' financial lock-in.

Traditional financing may be a sub-optimal option at least for those family farms who have the willingness to expand, and the potential to grow, for example, medium-sized/commercial/corporate farms. Family farms may also become tied to institutional path dependence, originating from this suboptimal financing policy. Family farms' financing strategies evolve from their generational dependency and historicity (Cruz & Nordqvist, 2012; Jones & Khanna, 2006). Generational influence has a key role in the family business' (family farms in our case) life cycles (Steier, 2003; Gersick, 1997). This locked-in in financing strategy can be termed financial lock-in. This financial lock-in is subject to breaking with the changes of any new development in farms' financing needs and with other environmental changes affecting farms' financing options. The journey to off-farm equity from a bank-based model (a sub-optimal choice) by family farms is a break of this financial lock-in. However, even though, extant literature, recorded the injection of off-farm capital in family farms, it does not depict why and how family farms shift these sub-optimal financing models towards efficient financing options, off-farm equity capital in our case. Moreover, the family farm financing literature has merely used the idea of path dependence and path creation in explaining family farms financing strategies and rarely explains the shifts towards changes in financing policy.

This shortcoming in the extant literature on off-farm equity finance in family farms can also be studied from intergenerational perspectives. One of the core areas that has not received proper refers to how generationally progressed (Sonfield & Lussier, 2004) family farms, which are at $1^{st}/2^{nd}/3^{rd}$ generation stages or beyond (Cruz & Nordqvist,

2012), shift the generationally constituted internal financing paths towards new financing path. The literature shows that the process of going to public equity routes by listed family firms is blessed with ample contributions (Bahadir, DeKinder, & Kohli, 2015; Xiong & Bharadwaj, 2011; Luo, 2008; Carter & Manaster, 1990) regarding systematic paths and stages for accessing initial public offering. Similar empirical work in the case of unlisted family businesses, i.e., family farms industry in our research is rarely observed in our literature review. This missing part in the private family businesses financing literature is worth addressing as family farms, like other firms, also reconfigures (Capron, Dussauge, & Mitchell, 1998) their financing sources in a bid to respond to constraints of existing financial structures (resources) (Capron, Mitchell, & Swaminathan, 1999) and to ensure their long-term survival (Karim & Mitchell, 2000).

Using the concept of lock-in, we treat debt and internal based financing models as sub-optimal, rather than the optimal one at least for a specific group of farms. Our position in this paper is to break out this lock-in in the family farm sector. This is what coincides with the claim of Woerdman (2004) who have argued it is better to break out of the sub-optimal tradition of an institution if adopting a superior alternative leads the institution to a better trajectory. Based on the arguments presented, we aim to explore how family farms shift their financing path from traditional to off-farm equity markets. In the next section, we will explain the conceptual grounding of the study including path dependence, institutional lock-in, financial lock-in, and path creation. In the third section, we will discuss the theoretical linkages between our study and the empirical settings. The choice of methodological aspects is discussed in the fourth section followed by the analytical issues discussed in section five. Section six shows findings as per interpretative narratives, while section seven interprets the narratives and their implications. Finally, we discuss the implications, limitations, and opportunities for further research and offer some concluding remarks in section eight.

2. Conceptual grounding

2.1.Path dependence

During the last two decades, the notion of "path dependence" has become a popular currency of theoretical knowledge in the field of organizational and

management scholarly conversations (Vergne & Durand, 2010; Sydow, Schreyögg, & Koch, 2009). From the pioneering work on "path dependence" of Paul David and Brian Arthur (Arthur, 1990, 1989; David, 1985), our understanding of path dependence is as follows: today's economic events of any actors (for instance, state, society, firms, and individuals) are the aggregation of their historical systematic and non-systematic events. Consequently, these actors become path-dependent (Schreyögg & Sydow, 2011) and the processes engaged in the middle becomes non-ergodic, which makes actors and process captivated by their history (David, 1985, 2001). This captivity is known as historical lock-in (Arthur, 1989, 1990). Following their work (Arthur, 1990, 1989; David, 1985) a group of scholars (Brunninge & Melander, 2016; Dobusch & Kapeller, 2013; Sydow,Windeler, Müller-Seitz, & Lange, 2012; Koch, 2011; Schreyögg & Sydow, 2011; Schreyögg, Sydow, & Holtmann, 2011) have paid attention to demonstrating the conceptual, empirical, and methodological surface of path dependence. Others, however, qualify path dependence as processes and outcomes rather than a formal theory, as scholars are yet to identify systematically, measure and explore the relationship of the actors and events involved (Vergne & Durand, 2010).

2.2.Path Dependence in family farms

History is the one fundamental component to path dependence. Historical regimes that are the maxim: "history matters" (Jones & Khanna, 2006), also dictate the destiny of family firms as history collects undeniable (Suddaby & Foster, 2017) "brute facts" (Searle, 1995) for any form of organization. Family firms' successors develop a dynastic kingdom, known as also proprietary/personal/ "family capitalism" (Chandler Jr, 1993; Jones & Rose, 1993), through transferring "intergenerational altruism" that passes financial and non-financial capital to the next generations thereby protecting decision making rein (Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008; Casson, 2005). Proponents of family business' dependence on generations discuss many benefits of being under generational control. They argue that family control ensures capital, labour, information, trust, and loyalty, especially in the regime of infant capitalism and less secured economic and political environments, with trust being seen as the key managerial tool of business (Rose, 2000; Jones & Rose, 1993).

Through maintaining this path of generational chains, family predecessors transfer a sense of deep smartness, i.e., what, why and why to do and not to do something (Leonard-Barton & Swap, 2005), and the successors receive competitive advantage, first-hand experience and tacit knowledge (Nonaka & Toyama, 2005; Nonaka, Toyama, & Nagata, 2000).

While the literature mentioned above has much appreciation for the role of historical path dependence in achieving valuable resources and insights by family firms, researchers (Lubinski, 2011; Chandler 1993) also advocated for infusing modern managerial entrepreneurialism into family firms to create greater success for firms and to protect them from business failure. Scholars further think that reliance on historical path dependence makes family firms susceptible to "Buddenbrooks syndrome" (Lorandini, 2015; Mann, 2011). Buddenbrooks syndrome may inactivate firms' operations beyond third generation (Lorandini, 2015; Mann, 2011; Jones & Rose, 1993) push them towards "conservatism and backwardness" (Jones & Rose, 1993), make them less entrepreneurial and less competitive (Jaskiewicz, Combs, & Rau, 2015), and make them vulnerable to lack of long-term innovative success (Kammerlander, Dessì, Bird, Floris, & Murru, 2015).

As per change theory literature, the intergenerational traditions, practices, and norms of family firms, as organizations, are "imprinted" (Stinchcombe & March 1965) in family firms' organizational lives (Boeker, 1989), structures (Baron, Hannan, & Burton, 1999), network structures (Marquis & Tilcsik, 2013), performances (Romanelli & Tushman, 1986), and environmental adoption (Johnson, 2007). These intergenerational influences can create "traditionalising" (Stinchcombe & March 1965) and "structural inertia" (Hannan & Freeman, 1993*)* effects in family firms' organizational histories that inhibit firms' growth (Suddaby & Foster, 2017). What is more significant is that this kind of closed family entrepreneurship (Miller, 1983) imposes challenges for external capital, skills, and knowledge accessibility (Lubinski, 2011).

2.3. Family farm (Institutional) lock-in

The phrase lock-in has been used extensively in cross-disciplinary research including research related to technology (David, 1985), institutional process (North,

1990) including political (Pierson, 2000), financial (Jia & Guo, 2008) and project infrastructure (Cantarelli, Flyvbjerg, van Wee, & Molin, 2010), organizational process (Schreyögg & Sydow, 2011) and corporate capital (Blair, 2003). The technological lock-in was used in the literature about the economics of technology by many scholars (Wilson & Tisdell, 2001; Cowan & Gunby, 1996; Cowan, 1990,1987; Arthur,1989; David, 1985; Dosi,1982). An amalgamation of these works indicates that technological lock-in in a market/economic setting is reached when users prefer to use existing technological product to new ones, irrespective of their relative efficiency. These studies also pointed out increasing returns to adoption, referring to increasing utility from the usage of that technology, is one of the main reason for technological lock-in. Four reasons were also empirically evidenced for this increasing return to adoption (Arthur, 1994): "scale economies," "learning effects" "adaptive expectations," and "network economies."

The notion of technological lock-in has also been adopted in the institutional economics (Pierson, 2000; North, 1993, 1990) to explain institutional lock-in. It means that emerging changes in institutional practices including political (Pierson, 2000), financial (Jia & Guo, 2008), and economic (Woerdman, 2004) domains, are impacted by existing norms that face challenges to change their trajectories (Pierson, 2000). Pierson (2000) also has related the increasing returns framework of technological economics (Arthur,1994) with "historical institutionalism" and claimed that it fits better in social science, and in particular with political systems. Capital lock-in is another term used by Blair (2003) in the corporate law literature to refer to the situation experienced by minority shareholders of a closely held corporation in which they do not have any opportunity of selling their shares, and they cannot force the company to pay income or capital gain due. From the work of Woerdman (2004), Hogeland (2015) has reported a lock-in model that is based on institutions' culture, history, perception, and learning engagement in terms of switching costs. According to Hogeland (2015), firms are less likely to compromise their familiar territory (institutional lock-in) owing to the fear of switching costs. To address why an institution, become locked in, in his model Woerdman (2004) mentions four elements of institutional lock-in:

i. the existence of superior alternatives, institutions, or technology that competes with dominant sub-optimal alternatives;
ii. the dominant sub-optimal alternatives demonstrate stability or increasing effectiveness;
iii. information asymmetry and lacks knowledge about the superior alternatives; and
iv. a larger amount of switching costs to accessing superior alternatives from suboptimal alternatives

Agriculture, as per Jefferson agrarian view, is one of the most fundamental institutions in an economy as the other units of occupation hinges on the availability of food and fiber produced by farmers (Hogeland, 2015). Family farms are considered the most valuable form of agricultural institutions (Hogeland, 2015). Based on previous research (Goel, 2013; Roessl, 2005), Hogeland (2015) suggests that agrarian ideology may put family farms under institutional lock-in due to farms' resistance to change, preferences for the status quo, sticking to outdated products and business strategies, and excessive independence in doing works. By institutional lock-in of family farms, we accept the definition of Haase, Roedenbeck, & Söllner (2007) and North (1990) who have argued that institutional lock-in emerges due to being committed to a traditional style of doing work and being persistent in avoiding changes that tradition. Moreover, the unwelcoming attitude developed among family farms towards outsiders originates from an 'insider/outsider' culture, resistance to change, the inclination to maintaining the status quo, and sticking to existing strategies, products, and techniques (Hogeland, 2010; Roessl, 2005).

2.4. Family farm financial lock-in

Based on the above conceptualization of lock-in, in this paper, we introduce the term financial lock-in in family farms. In our understanding, family farms can fall into the trap of capital shortage, long-term equity capital in particular, by confining themselves to traditional financing models over generations. We also argue that this financial lock-in is a form of institutional lock-in as this generational tradition of financing practices can be seen as an institutional rule or pattern and is embedded in formal and informal structures (Zucker, 1977) of family farms. Moreover, the whole family farm sector is inflicted with "environment syndrome" (Zucker, 1987) and thus they reproduce the same funding models. Interpreting scholarly conversations (Mishra

& Moss, 2017; Casson, 1999; Dodson, 1994; Scofield, 1972), by traditional farm financing path, we mean using the following sources of finance: generational finance; internal equity (personal / family finance and personal retained earnings); short-term bank loans; and credit service – leasing capital- long-term bank loans by mortgage. Being stuck to traditional financing options, bank debt and internal equity, has negative consequences on family farms, as emphasized in the study.

3. Empirical settings and theoretical underpinnings

Our empirical setting for depicting the ways of breaking out the farms' financial lock-in is the Australian family farm business sector. We have several reasons for the choice of this setting: first, the farm business funding model in Australia is subjected to the suboptimal financing tradition. Over the last three decades, Australian farm businesses primarily funded their farm finance through debt financing (Heath & Tomlinson, 2016). Debt usage, as well as debt servicing efficiency of Australian farm businesses, have increased during this period. On average, each farms' debt usage capacity has increased from $200,000 in 1990 to over $500,000 in 2015 while, during the same period, the debt coverage ratio of each farm, on average, has improved from 7% of each dollar gross farm income to 9% (Martin, Shafron, &Philips, 2017). Despite the upsurge in farms' sizes, and innovation as well as the succession of Australian farm businesses through debt financing, there have always been talks among Australian policymakers, practitioners, farmers, and researchers regarding the sustainability of a debt-based model. Thus, voices have been raised to explore new sources of financing to tap into the farms' scale advantage (Heath & Tomlinson, 2016).

Second, the needs of $1000 billion investment ($600 billion for capital investment and $400 billion for revenue investment) to increase Australian farms' productivity from 2014 to 2050 (The Australia and New Zealand Banking Group (ANZ) 20 & Port Jackson Partners, 2012), has placed the issue of alternative finance, and off-farm equity capital in particular, under thoughtful consideration. Equity capital is one of the most suitable financing mixes, especially, for projects with a long-term orientation and for developing new projects and expansion of current projects (Isaksson & Çelik, 2013). Equity providers, like debt providers, are unlikely to claim returns from day one from capital users and intends to share proportionate risks of the

projects being undertaken. These are an important consideration for farm businesses. Last, but not least, Australian farm businesses experience seasonal variability and lower government support than comparable economies which do not allow the majority farms to gain growth beyond the current declining level of competitiveness (Heath & Tomlinson, 2016).

A theory explaining the process of breaking financial lock-in and shifting financing routes from one to another in family farm businesses remains underdeveloped in the farm and agricultural financing literature. Traditional capital structure theories, such as pecking order theory (POT) (Donaldson & Fox, 2000; Myers & Majluf, 1984) and trade-off theory (TOT) (Titman, 1984) have extensively been used in the context of family firms and non-family firms' capital structures and financing decision (Ahmed Sheikh & Wang, 2011; Graham & Leary, 2011; King & Santor, 2008; López-Gracia & Sánchez-Andújar, 2007). One of the main limitations of these theories in explaining family business financing decisions is that the normative view on rational behaviour assumption of these theories may lead to erroneous conclusions (Koropp, Kellermanns, Grichnik, & Stanley, 2014). For example, if used in family farms, pecking order theory might suggest family farms require access off-farm equity as a last resort as bank debt is least preferred in this theoretical model (Tappeiner, Howorth, Achleitner, & Schraml, 2012). Family farms, by contrast, would be benefitted if they used off-farm equity with their equity to unfold their growth and scales, given the drawbacks of debt financing. Trade-off theory, if used in family farms, would also motivate family farms to access debt capital up to a certain level, which might underestimate the potential financial risks of using excessive bank debt (De Jong, Verbeek, & Verwijmeren, 2011).

Our selection of theory for this research was data informed. The narratives of each farm in our study show that each farm maintains a legacy of generational history, generational financing, and non-financing practices (operational and management), which still plays a role at present. Sample family farms want to keep up these trajectories even in the future. This perspective of data resonates with path dependency theory. Each sample farm on our study, however, wants to shift their old financing path and was ready to access equity capital from outside investors as they thought

current financing options fell short of achieving their strategic goals. This pattern of data fits with the concept of breaking financial lock-in, path creation process and new path creation theory.

Path dependency theory stresses that actors of any technology, institution, products, and industry, industrial locations, and organisational processes may become locked-in with a "once found solution." Lock-in with once found solution happens due to the presence of "increasing returns to that solution or network externalities or absence of exogenous or external shocks" (Simmie, 2012; Schreyögg & Sydow, 2011; Vergne & Durand, 2010; Beyer, 2010; Arthur, 1994, 1990, 1989, David, 1985). Based on the studies of technological path dependence (David, 2001; Cowan & Gunby, 1996; Arthur 1994,1989), Sydow et al. (2009) mentioned four mechanisms that lead an organization to be path dependent benefitting actors' self-reinforcement dynamics. Sydow et al. (2009), has noted how an organization can become path dependent following a three-stage process:

i. it is triggered by a historical event that leads to a particular direction;
ii. it is governed by a set of common practices, which dominate over any other alternative;
iii. it creates such a limited scope for the organisation that puts the organisation into lock-in.

Following the above organizational path dependent view (Sydow, 2009), we also argue that family farms become financially path dependent according to the following process:

i. generational relation and historical dependence of family farms with commercial banks give a natural advantage to family farms in getting bank loans, which in turn creates a certain financing direction for successors;
ii. for long-term banking relations, each party involved establishes norms and practices that become dominant on other norms; and
iii. these conditions induce family farms to use a particular bank financing model, irrespective of the benefits of using other financing options.

Following the above process, family farms get immerse into financial lock-in. This financing pattern can also be termed as the acts of institutional historicity. Institutional historicity refers to a situation whereby any decision taken by a firm, in the past, has an impact on the present and future course of action of that institution (Beyer, 2010).

Path-dependent, however, is not permanent phenomena and is susceptible to change if the prevailing conditions to path dependency, as outlined above, do not remain valid any longer (Beyer, 2010). Thus, path dependency theorists have proposed a path creation process (Garud & Karnøe, 2003, 2001), and other theories, namely, new path creation (Garud, Kumaraswamy, & Karnøe, 2010) and hybrid socio-economic new path creation theory (Simmie, 2012), to theorize such situations. Our observation in data motivated us to select path creation process (Garud & Karnøe, 2001) and hybrid socio-economic theory of new path creation (Simmie, 2012). Usurpingly, actors (entrepreneurs or firm owners) are one of the key elements in path dependency, the path creation process, and path creation theory.

Path creation process (Garud & Karnøe, 2001) suggests creating a new path is the mindful deviation of entrepreneurs. Disregarding short-term pressure, actors (firms/owners) cross firms' old boundary and create a new momentum towards a new path over time to cross the initial boundary (Garud & Karnøe, 2001). As shown in the discussion chapter, we found evidence of boundary crossing and new momentum generation in our data when family farms start their off-farm equity journey. Path creation theorist view entrepreneurs as active market players and actors responding to real-time development of firms' environments to shape the path of firms' future courses of actions, while the position of entrepreneurs is passive in path dependency argument (Stack & Gartland, 2003).

The Main crux of this hybrid theory of new path creation (Simmie, 2012) is that it entertains all processes engaged in path creation journey where all actors, not only entrepreneurs but also other associated actors, make a joint effort to create a new path, to overcome associated barriers and to create path dependent trajectory for the new path. In this research, we have noticed that each of our sample family farms has been active in breaking their traditional financing path and were motivated to engage with off-farm equity collaborators to satisfy their financing needs. The equity journey of each farm progressed with the joint efforts of farms and investors, and the processes were reflexive (Simmie, 2012), rather than canonical (Garud et al., 2010). Therefore, it fits best with the hybrid theory of new path creation.

4. Research methodology

4.1. Research design

We have taken the constructionism view (Roulston, 2010) of the semi-structured interview for this study. Following the narrative enquiry idea of a "believing game" (Elbow, 1987), our interview proceeded in a mutually empathetic manner (Connelly & Clandinin,1990; Schegloff, 1997) with our farm participants collaboratively (Elbow, 1987) to understand each other's voices: farms' experiences and researchers' prompts to farms views. Our "interpretive imperative perspective" (Brockmeier & Meretoja, 2014), helped us develop interview narratives (Elliott, 2005; Alvarez & Urla, 2002) during our interview sessions. A narrative research approach has widely been discussed in scholarly conversations in many fields of knowledge. For this study, we have taken a selective (Robinson & Hawpe, 1986) and categorical narrative (Elliott, 2005) analytical position, a similar position to recent work (Singh, Corner, & Pavlovich, 2015) to report narrative wiring. These narrative methods concentrate on only a targeted range of interview data, similar to our inquiry, as opposed to a holistic approach to narrative analysis (Elliott, 2005) which accounts for every bit of data. We visited and analysed three farms' stories about their off-farm equity financing journey to get to know the true reasons, actions, and sequences of events (Bruner, 2009; Rimmon-Kenan, 2003). Narrative analysis can efficiently record this process of changing from one approach to another in an organizational context (Pentland, 1999), like in our case.

4.2. Sampling and data

The data are in the form of the semi-structured interview using open-ended question with the owners of family farms to tell their own story. As our semi-structured interview data have all the qualities of a narrative structure including sequences, voice, focal actors and contexts (Pentland, 1999), we treated each interview as a story. Story and narratives have been interchangeably used in our research as suggested by Cunliffe, Luhman, and Boje (2004), like as seen in Sonenshein (2010), even though there are differences (Cunliffe et al., 2004). To construct a representative sample, we chose those farms that either have already accessed off-farm equity or are in the

process of doing so. The reason for selecting this sampling criterion was to grasp family farms' lived experience in breaking their traditional models of financing.

During our data collection stage, we accessed four cases to "know the most" and to able to reach a certain amount of depth in each case (Maxwell, 1992; Stake, 1978). Even though we interviewed four owners (one individual from one farm) of four different farms, we treat our respondent as a case for analytical induction (Crouch & McKenzie, 2006; Abbott, 1992). Individual respondents, if they can demonstrate a link between their experiences and environments, can claim to be an agency of a particular set of instances. Individuals with such characters may be termed as a case for their deep understating of that phenomenon. In our research, farm owners interviewed qualify as case as each of them showed a greater amount of farming experiences which were in constant dialogue with their environment (Crouch & McKenzie, 2006; Abbott, 1992).

Guided by the principle of theoretical sampling in qualitative research (Glaser, 1967), we justify our sample as representative as we explored the depth of each case and received rich information about each case (Curtis, Gesler, Smith, & Washburn, 2000; Patton, 1999). We excluded one farm from our final analysis as we observed that the excluded farm did not have the same characteristics or was not, at least, very close to, the other three farms in terms of scale, size, capital needs, industry focus, and professional preparations for off-farm equity. The three-included farm was from cattle industry, and the excluded farm was a horticultural farm. The reason we kept cattle farms was that they were from a capital-intensive industry with strong growth potential, and cattle farms require more scale capital for a long time than horticulture farms. Off-farm equity capital also serves the same purpose of this capital intensity. This decision to exclude the horticulture farm was methodologically necessary to develop a common storyline (Martin, Feldman, Hatch, & Sitkin, 1983) of almost similar types of farms, based on their story scripts (Schank & Abelson, 1975).

While the three remaining cattle farms were similar in the ways identified above, they provide a heterogeneous sample since the three farmers differed considerably in their view on the shared journey, for example, retaining control was very important for one farm, while another was ready to commit their whole farm to the venture. Table 1

shows a timeline of different events (Sonenshein, 2010) that the three farms experienced in off-farm equity journeys.

Interview data have been recognised as one of the compelling sources of data in storytelling research where the narrative is developed as an analytical outcome (Creswell, 2012; Elliott, 2005; Lieblich, Tuval-Mashiach, & Zilber, 1998). Two of the authors conducted interviews, from August 2015 to March 2016, in two ways: face-to-face interviews with the owners of two family farms and a telephonic interview with another family farm. We recorded and transcribed each interview lasting on average 70 minutes. Each farm was actively engaged in farm business over generations. Farms were selected using a snowball technique to ensure the quality of the subject matter of the study by ensuring information-rich cases (Creswell, 2012; Patton & Appelbaum, 2003; Patton, 1990). Actual names of farms have been replaced with pseudonyms.

To ensure quality data from farms of this study, the researcher developed a conducive environment during interview periods (Riely & Hawe, 2005) that ensured rapport – trust and respect- with interviewees and the experiences they shared (DiCicco-Bloom & Cabtree, 2006; Douglas, 1985; Spradley, 1979). Rapport in the qualitative interview is very important and can generally be achieved through four stages: exploration, apprehension, cooperation and participation (DiCicco-Bloom & Cabtree, 2006). In this study, the rapport was developed following the steps reported by Riely & Hawe (2005). First, before starting the interview, we ensured *flexibility* to our participants to share their day to day experiences regarding farm financing and their thinking about the potential new source of finance. Second, we demonstrated *empathic* consideration at every stage to farms in a sense that interviewees were given them full freedom to be informationally conservative - whatever they liked to disclose and hide, they could. Third, we promised to be t*rustworthy* with our participants by keeping their identity confidential. Finally, throughout the interview, we were mindful to listen to their experiences, sought interviewees' permission to records their interview verbatim, and stopped recording during an interview session where they objected to recording.

4.3.Case overview

This study is about understanding why and how family farms changed traditionally constructed financing paths. Three cattle farms from a single region were selected for the study, as going to multiple regions was not possible for the investigators. The sample farms had operational and business units in multiple locations in Australia including South, North, and Central Queensland, and some part of New South Wales (NSW). This multiple geographical network works as a proxy for multiple regions for the sampling purpose of the study. In addition, sample farms of the study were engaged in a portfolio of farm business in the cattle industry including seed stock, genetics supply, and feedlot, cattle breeding, and grazing. The scale of the three farms was 20,000 to 60,000 head of cattle, and the total area of land of each farm was between 60,000 and 300,000 hectares. These attributes of the sample farms, such as a portfolio of business, locational diversity, and variety in scale and land size, serve the purpose of selecting informationally rich and representative cases in a qualitative inquiry (Patton, 1990). This richness in information ensures generalizability of our findings, at least in the sense of "ideographic," "holographic" "naturalistic," or "analytical" generalization, as noted by Sandelowski (1995).

One cattle farm interviewed had already changed their business model and accessed off-farm equity. The other two cattle farms are now in the change process of their business model at the time of interview and were about to access off-farm equity. The sequence of events that we have outlined in Table 1 is not the exact sequence we observed in the data; rather we arranged the data in sequence to explain the deep structure of the surface of the narratives (Pentland, 1999). Our access to data was only limited to the surface of the phenomena we wanted to explore, which is a common challenge in the narrative analysis (Pentland, 1999).

4.4. Regional overview of sample farms

The three farms analysed in this study were from the northern region of the Australian beef industry. Of the total 32530 Australian beef cattle farms, Northern Australia (Queensland, Northern Western Australia, and Northern Territory) holds 8830 beef cattle farms, 97% of these farms are located in Queensland, whereas 23700 farms are located in Southern Australia (Southern Western Australia, South Australia,

New South Wales, Victoria and Tasmania) (Martin, Philips Leith, & Caboche, 2013). The farms of these two regions have achieved different experiences of the growth and development of beef industry over the last 20 years due to their distinct differences in terms of climate, pastures, industry infrastructure, farm business characteristics, and proximity to market (Martin et al. 2013).

The beef industry in northern Australia is influenced by natural endowments—rainfall, temperature patterns, and soils. These factors play a significant role in the production system, processing plans, transportation system, and the other stages of the value chain of the northern beef industry(Gleeson, Martin, & Mifsud, 2012). Northern Australian beef cattle production systems are highly reliant on pasture as the main feed source, and pasture growth itself is dependent on rainfall through the wet season. From 1977–78 to 2011–12, industry output and input use were highly variable, largely because of climate factors (Martin et al. 2013) and the destocking and restocking activities that hamper output growth are determined the (Dahl, Leith & Grey 2013). Rainfall in northern Australia is dominated by monsoon systems that create a distinct wet season (usually September to March) and dry season (usually April to October). This limits the growing season for pastures and, unlike southern Australia, makes it difficult to finish cattle for markets in one production year.

Table 1: A Comparative Business Performance of Top 25% and Avg. Business Beef Cattle Farms

Return	**2001-03**		**2004-06**		**2007-2009**		**2010-2012**		**Long Tem Avg.**	
Indicators	**Avg. Business**	**Top 25%**	**Avg. Business**	**Top 25%**	**Avg. Business**	**Top 25%**	**Avg. Business**	**Top 25%**	**Avg. Business**	**Top 25%**
***OR**	0.3%	4%	0.2%	2.6%	0.1%	2.2%	0.4%	2.4%	0.2%	2.6%
** **CR**	10.8%	11.5%	7.6%	8.4%	4.1%	6.6%	(3.3)%	(4.6) %	4.8%	5.5%
*** **TR**	11.1%	15.5%	7.8%	11.0%	4.2%	8.8%	(2.9)%	(2.2) %	5%	8.1%

Source: The Northern Beef report: 2013 Situation Analysis (Holmes & Counsell 2014), *OR= operating return, **CR= capital return, ***TR= total return

The financial performance of the northern beef industry for last 12 years (2001-2012) reveals that majority of Northern beef producers- by region, herd size and market- are not economically sustainable as they are not able to fund present and future liabilities (McLean, Holmes & Counsell 2014). Table 2 shows the 12 years (2001-2012) average total business return for the average farms and top 25% farms are 5% and 8.1% respectively which was negative by (2.9%) and (2.2%) averaged in the in most recent years (2010-12) (McLean, et,al. 2014). The long-term return trend for both the top performers as well as average businesses are declining, as shown in table 1, has three implications: overall industry profitability is declining meaning that there are some industry factors that are out of the reach of individual farm business unit, the performance of top 25% indicates that there are opportunities for improvement of performance for the average cattle farms if the issues of financing, investment, risk factors are efficiently managed.

Grey literatures in cattle financing (McLean et,al. 2014; Martin et al. 2013; Tasman, 2012; Gleeson et,al. 2012) shows that the value of equity of beef farms has a positive (negative) relation with the reduction (increase) of farms debt and increases (decreases) in capital investment and livestock number. Of all the capital assets used in the cattle industry in this region, land value is the leading factor, as land asset constitute more than 75% of the balance sheet of the northern beef. Nine percent of beef cattle producing farms in northern Australia, 5 percent in southern Australia and around 18 percent in the northern live cattle export region were estimated to have equity ratios below 70 percent in 2012–13 (Martin et al. 2013).

5. Analysis

In this study, we used an interpretive narrative approach (Eriksson & Kovalainen, 2015, Creswell, 2013) to identify narrative themes (Gubrium & Holstein, 2002; Patton, 1990) in the semi-structured interviews with family farm owners. As our data show temporal events and a logical and chronological sequence (Chatman, 1980), which are necessary and sufficient conditions to conduct narrative story (Franzosi, 1998), we have chosen the narrative analytical lens for the reporting our results. However, narratologists have devised many techniques for narrative writing (for example, Crites,1986; Robinson & Hawpe,1986; Ricoeur, 1984; Spence, 1982;

Chatman, 1980; Labov & Waletzky, 1967) and researchers are often encouraged to use any suitable technique due to lags in an agreed-upon narrative reporting template (Connelly & Clandinin, 1990). We attempted to analyse every case using a sense of a whole to get an overall picture (Poirier & Ayres, 1997; Polkinghorne, 1988) of the farm's experience: from beginning to end of their off-farm equity journey.

We also looked for a logical sequences and coherence (Franzosi, 1998;Chatman, 1980) among the events that farms undertaken or about to take in equity journey, through "enchainment" (Bremond, 1966), "embedding" (Todorov, 1981) and "joining" (Rimmon-Kenan, 2003) because a temporal representation of events does not create a narrative story unless the events are connected (Franzosi, 1998). We coded, categorized, and interpreted data both manually and electronically, using text analysis software: N-Vivo.11 and Leximancer version 4 (Basit, 2003; Miles & Huberman, 1994).

To proceed with our inductive multi-case research (Miles & Huberman, 1994), we followed a five-stage analytical device which is close to the work of (Singh et al., 2015). Within these five stages, first, we read over and organised our interview data; second, we openly coded the data; third, we axially codded the open codes; fourth, we developed themes from categories; and finally, we theorised them. These steps, however, were not straightforward (Lichtman, 2013), we were back and forward (Eisenhardt,1989; Crites,1986) in interpreting the texts to understand farms' financing journey in their *temporal* locales (Carr, 1991; Crites, 1986): past-present-future. We treated the narrative of each farm's equity journey as a journey of *transformation to prosperity* (Halliwell, 1987) and a *change of fortunes* (Franzosi, 1998).

We show the "composite narratives" (Dunford & Jones, 2000) in finding section based on opinions of the three owners of the three separate farms. For composite narratives, we use the case context presented in Table 2 (Langley, 1999). To ensure the credibility of our analysis, we have tended to disclose our modifying role in reporting the story (Poirier & Ayres, 1997). First, we attempted to construct the narrative through an artful process (Brown, 1998), using our own interpretive hermeneutic (Brockmeier & Meretoja, 2014), to give the audience a credible picture (Jeffcutt, 1994) of farms' off-farm equity journeys To this end, we looked at each se

of interview data from a particular chronological position to establish an order (Labov & Waletzky, 1967), in the acts, and events (Czarniawska, 1997) of that particular farm's off-farm capital journey. Second, interviewers used prompts to elicit important issues that farms might not have disclosed otherwise. Finally, we constructed an interpretation of the participants' comments during interview sessions by asking clarification and developing a juxtaposition of any issues that the interviewer did not understand.

Table 2: Time and milestones for off-farm equity journeys, extracted from data

Timeline	Milestone	Description	Significance of milestone
T_1	Questioning traditional financing model.	Current financing mode seemed to be insufficient to meet farm financing demands.	Started the first discussion on how to overcome the financing constraints.
T_2	Off-farm equity initiative starts primary considerations.	Searching for right investors and investment model.	• Setting a mindset for change and foundation for changes. • Farms agreed that they would invite someone outside of farms with long-term capital. • Farms explored many forms of external capital (preferably equity and global supply chain/ networking, with some observation).
T_3	Off-farm equity initiative in-progress: failed attempt.	Off-farm equity initiatives failed due to mismatch with equity partners and farms' less professional setup.	• Farms learned much from their maiden off-farm equity failure. • Farms determined to refine their positions.
T_4	Off-farm equity initiative restarts: refining initiatives start.	Major refining initiatives include: preparing information memo, business plan, governance, and reporting protocol.	• Farms investigated off-farm equity further and detailed their investment cases. • Farms teased out the partners they wanted to ally with. • Farms visualised governance, reporting and ownership mechanisms.
T_5	Off-farm equity initiative in - progress: decomposition of farms' choices.	Family farms faced many contradictions with off-farm partners on various issues including control, culture, and trust.	• Contradictions with equity partners needed to be resolved. • To tease out causes for contradictions and to devise a resolution mechanism they searched for mediators.

Timeline	Milestone	Description	Significance of milestone
T_6	Off-farm equity initiative in - progress: intermediation process.	Internal advisors/ external advisors were appointed, and professional advisors with global reputation were consulted.	• Farms were benefitted from professional intermediates • Professional advisors guided them to professionalize farms' documents and business structure
T_7	Implementing off-farm equity initiatives.	Farms bought changes to their business models and overall operations.	This implementation of different professional steps gave a positive message to investors.
T_8	Developing successful off-farm equity deals: at the deal scenario.	Constructing a successful off-farm equity partnership.	Farms are now fully/partially ready to access off-farm equity.
T_9	Post deal scenario: exit or continuation.	Farms needed to fix an exit point from the off-farm equity deal.	Exit and continuation strategies in place, uncertainties minimised well ahead of time.

6. Findings

Our main research question was: why and how family farms access a new financing path of off-farm equity capital beyond their traditional path. In this section, we presented five composite narratives based on the case contexts shown in Table 1.

6.1. Motivation for change narrative

All the farms in our study have been using bank dominated traditional financing model for generations. Farms also shared the reasons their businesses and operations were financially challenged owing to some weaknesses of this traditional mix. Thus, a motivation narrative developed among farms regarding the changing of traditional financing models. This narrative means that there was a growing concern among farm owners about whether the bank dominant financing model would be able to meet their financing needs. These concerns were the drivers of motivation. In support of this narrative, every farm shared reason why banking models can limit their prospects. Table 3 summarizes the reasons and presents the illustrative quotes, which emerged during the interview. Farm participant A mentioned two factors for moving towards off-farm equity: scaled capital for expansion and the bank's inherent weakness to meet that financing needs. According to Farm A, farms and agribusinesses need a large amount of capital to maximize farms' yields. Nevertheless, the farm thinks that

commercial banks, individually, are not capable enough to satisfy this mammoth need for capital even though the farm could manage the proportionate equity to leverage ratio to access the loan.

Farm C participant identified that changed macroeconomic conditions due to the emergence of global financial crisis (GFC), and its downsizing consequences on farms' commodity prices, and profitability, was responsible for going to off-farm equity. Farm C participant noted that after the GFC, the commodity prices had dramatically fallen, and farm found itself in a very challenging position in such a changed business environment. Farm C also added, following the GFC, impacted by poor profitability and limited cash inflows, cattle farms tumbled into financial risk as they failed to pay the banks' interest payments. Farm B's story revealed that it wanted to access off-farm equity for strategic reasons. For instance, it wanted to develop processing and export supply chain in the domestic or global market. Farm C injected off-farm equity to diversify its farm businesses as they thought that banks did not like to share any of the risks.

Table 3: Illustrative quotes supporting the motivations for change narrative	
Scalability	*"*Like most business, in agriculture scale is the way to get efficiency and the way to drive more yield out of business. so that being the case, the only real way to raise a significant amount of additional capital was through a capital raise type arrangement*". (Farm, A)*
Bank Limitations on capital	"GFC came along, and we have seen some very challenging conditions around the cattle trading dynamics, [and] it really changed the pricing dynamic you saw you know the figure steer market from about a $2.20 to a $2.50 market drop to sort of a $1.50*". (Farm, C).*
Bank incapability to provide bigger capital	*"*The family debt funded model, we wanted to expand further limited by equity versus debt rations--- maybe could have borrowed incrementally more here and there, but ultimately could not have borrowed the sorts of volumes of capital we wanted to actually build a business*." (Farm, A)*
Strategic choice: vertical integration	*"*We are looking for strategic and best one that cannot just deliver cash to help us with that expansion but could then offer other things that will help us develop a supply chain and/or to lead them through various domestic or international export channels."(Farm, B*)*
Farm financial risk from price risk	"[fall in cattle price due to GFC] really tighten cash flow and unit profitability of a lot of these enterprises then all of a sudden these enterprises now had a larger debt, you know larger debt loading larger interest commitments." (Farm, C).

6.2. Right capital and right partner narrative

Once concern for their banking model was experienced by our sample farms, they were looking for alternative financiers and financing models that might match their preferences. One of the worrying things we observed in the equity journey of each farm was how to determine the right form of capital from the right partners. Thus, the narrative of right partners and partnership models was developed.

This narrative includes question around the types of investors, a form of partnerships, the content of capital, financial capital or strategic capital, and cultural affinity. Different farms showed different intentions to use the off-farm capital. Cash capital would help farms to expand the scale and to excel in efficiency. "Through a capital type of arrangement, we wanted to build business scale to get efficiency and to drive more yield" (Farm A). In the context of strategic capital, farms referred to gaining access to reputation, processing ability, and global supply chain networks. A supporting quote about the strategic capital from Farm C is: "We see some advantages particularly in the diverse types of investors but from a strategic style of investor", While Farm B noted: "We want to have someone that can solve that breading position for us would be attractive or someone with a processing capability".

Farms expressed different views in selecting the right partners and mentioned names of some possible partners in their discussions including public investors, institutional equity, private investors, and high net worth individual from both domestic and foreign sources. One farm (Farm A) mentioned its obvious choice for institutional investors with cash capital, preferably from the culturally aligned overseas market. Reasons for choosing institutional investors were to raise a big volume of capital. Participant of Farm A quoted:

> Private equity, public markets, private high net worth individuals, I suppose an option--- but private equity isn't really made for agri-investing because from an investment horizon perspective, -- I also do not think the public market works for agriculture because they are just too volatile. I believe we can get a massive injection of capital through institutional investors.

Farm B also preferred institutional partners in the form of cash and strategic capital both from domestic and international sources. Farm B also did not reject the possibility of accessing capital from the diverse type of investors. Farm C is not sure about the right panthers but likes to be a wide open range of potential investors with the same cultural setup. Farm C pointed:

> I guess we probably don't know the answer to that sort of question (nature of equity capital and expectations) entirely yet; we have kind of mapped out a matrix of looking at the different investment categories that have an attraction to the business so be that worth of domestic nature or international nature.

Regarding the right model of off-farm investment, farms interview revealed us many possible models: "joint venture" (Farm A and C), "off-take agreement" (farm B), and "passive equity" (Farm C). Cultural affinity with farms and investors is another important issue that determines that right capital narrative. Farms indicated that they might sacrifice the best offer from the most legitimate investors if those investors come from culturally different orientation. Rather, the farm would accept some discounted offer from investors with the same cultural background. One exemplary quote is:

> "Cultural fit and strategic direction are going to mean a lot to us and will probably particularly being that we are keeping you know a stake in the business that we feel we in some cases we might leave some value on the table in terms of not going with the highest bidder as such because we feel that second or third position actually fits better with us (Farm C)".

6.3.Soul- reflecting the narrative

This narrative is about examining the family farms' shortcoming of farms' business model while they decide to access off-farm equity. We found that farms have been under family dominance. Most of the farms started to acknowledge that they have weaknesses in their business model to access off-farm equity. This self-evaluation of their business models is treated as self-reflecting narrative. Some representative quotes in this regard included:

> "We were at a bit of a crossroads then, and we decided and looked at do we want to proceed with this, or do we just want to forget about it and go back to what we do, and we decided at that stage we were going to proceed (Farm A)." "We are not probably as robust as a normal corporation is (Farm C)." "I do not think you have any choice other than to make sure

> that your business looks professional as much as possible, but I have a limited background to do that (Farm B)."

The intensity of soul-reflecting has also been deepened among farms once they had experienced failure in their maiden off-farm equity journey without sufficient preparation. Data revealed to us two that of three farms started their off-farm equity journey without much homework on how to change their business model and how to act with investors. Participants of Farm A and C shared their experience of failure and the lessons they learned from their failure. Farm A's experience was that their business model lacked professionalism: "we tried almost 18 months (to access off-farm equity), it did not work, as it was in true family style; it was not good enough and was not professional enough" (Farm A). While Farm C's experience was that, they were not happy with the investors' model as investors did not give fair share due to the naïve business model of Farm C.

> "I do not think that party (investor) was as genuine in their approaches to the sector as they wanted us to manage the operations, so we did not own any of the lands; we would get paid like a management fee for running their assets (Farm C)."

Both farms took this failure as a learning piece as they decided to restructure the business, "We actually reversed engineered it so when we decided to proceed" (Farm A) and engaging with professional advisors: "we have just recently engaged with outside professional advisors (to spotting) our perspective" (Farm C).

6.4. Professionalization narrative

This narrative developed as farms felt contemplations for moving from the family paradigm to a professional model. Without being professional, farms cannot raise capital, "You have to be very professional, you will not raise capital unless you are professional (Farm A)." It is evident from the data that not every farm is at the same level of professionalism. Thus, their experiences were also different. We, however, focused on finding the recurring elements that created the professionalization narratives. Recurring elements were: changing the inflexible family approach to their business, seeking help from professional mentors, and developing professional documents.

All farms were in the process of changing the old style of doing business. For example, farm A converted its "drawing type" of the business structure into "wage based" business structure. Data relating to this narrative meant us that before starting their off-farm equity journey, owners of Farm A was not used to segregating their personal accounts (income/expenditures/asset) from the business accounts. All these were fully mingled and were fully confidential. With five years of preparation, Farm A commercialized their approach.

> "We were a commercial operator running a lifestyle through our business, and we were over those five years. We also even started to rectify that, so when we first started back here, we were all taking drawings which are a standard family style business type arrangement. By the end of it, we were all on wages before we even went into a joint venture. So that we could start to represent that this business can sustain a wage type structure versus a drawing type structure" (Farm A)."

Farm A also exposed all of their personal track records, even the criminal history, to satisfy the investors. Farm A noted:

> "They [investors] delved into our personal backgrounds, …. they did private checks, private and criminal checks. So, they [investors] made sure we have no criminal record that was a concern to them (Farm A)".

Farm B had also shown an intention to change the business structure, which had been instigated almost for 20 years earlier. The reason for this change as this structure was rigid and they wanted to make it simple:

> "We think that we put structures, a company structure was put in place 20 years ago, and then things have changed over a period that results in a corporate structure that was inflexible and not particularly attractive. So, something I have been working on quite a bit over the last few months is looking at our structure and try to determine how we can simplify (Farm B)".

To this end, Farm B has been working hard to renovate its "tax planning" and other "structuring" of the family farms for the last seven years with the help of external professional analysis. This analysis of an external advisor will make the investment proposition of Farm B "a fairly robust" model. Farm C indicated that their business structure, like other family farms, was still focused on "tax avoidance" and was "not efficient like the corporate model."

The other recurring element of professionalization narrative we observed was seeking the help of professional advisors to corroborate farms' off-farm equity journey. Professional advisors helped farms identify investors, prepare the document, and minimise the contradiction between farm and investors. In its story, Farm A showed its great satisfaction for the level of changes advisors brought to its farms' structure to access to capital: "to be honest, with the help advisors we did the changes, and it brings us to a great place in our career (Farm A)." Farm A talked about using two pivotal actors in preparing a document that he used to make changes happen: (1) internal advisor and (2) an external advisor. To farm A, the information memorandum (IM) was one of the key documents in its professionalization mission. The Internal advisor helped Farm A in preparing IM. Farm A shared: "[We] went to eight very large corporate advisors" to substantiate 'our' idea business and asked them to advocate on behalf 'our' business to investor's communities. Farm A further opined: "we actually did an IM up and took it to them and said, this is how we like to do business, would you represent us." As a complementary question, the interviewer asked about the contents and necessity of the IM. Farm A participant responded that IM contained the farm's identity, "financial modeling around the investment case," and implications of historical farm financials. With this information, Farm A was able "to set the scene of investment readiness" rather than "naively" claiming "they were investment ready."

The other two Farms, B, and C also showed greater interest in getting support from farm advisor in preparing different documents. The Farm B participant explained that it prepared a short investment brochure that will be sent to legitimate investors and the farm advisors market,

> "When we go out to third-party investors there would be a short brochure prepared, which probably be 94 to 96 pages long, which may have to be on a no-name status, but we will highlight the opportunity to the potential investors, and then that would be sent to a broad investor market, both to the investors that we're familiar with and also the advisors".

It (Farm B) also shared that it had already prepared information memorandum to provide a bigger picture of its farm business to investors:

> "[We] will follow that up with an information memorandum which will probably be 30, 40 approximately 50 pages long, containing our details we decided to make it, and that information memorandum will set out exactly

> what is [our business] and who we are, it will have the details of previous financial returns as well as forecasted financial returns that should consider. It will provide considerable detail about existing investments and the type of assets that we still want to acquire but don't yet have under the contract. So, the investors have a pretty quick picture of who we are, what we want to do and what their [investors] return is going to be".

In terms of taking help from advisors as mentor, Farm B mentioned that all the steps necessary to succeed in the equity journey would be taken by itself as they had ample internal experience in writing the documents, "I was a finance manager, so I have written lots of perspectives, product disclosure statements and information memorandums in my role as a lawyer--- so I would probably write a lot of it (Farm B)". However, it showed its positive attitude towards taking advice from an advisor if in-house skills fell short of required skill. Farm B participant implied: "but if I did not have that background and even considering that I do that would be input from certain external advisors, in relation to the content of that document."

Farm B is also working with developing other tools such as, "reporting protocol," "corporate structure chart" "human resource responsibility structure" and "exit plan." In all of these document, family members of Farm B would prepare the documents, and they would also take help from external professional.

Farm C is already using outside independent managers as a mentor, "independent managers outside of the family are already in place, I guess for streamlining what the ownership structure will be." In additions, Farm C has also recently engaged with external professional advisors to prepare the documents needed to go to external equity. Farm C participant stated:

> We have just recently engaged an external advisor in the space, so I guess really in my view of it we have got a period of works out into about March next year February / March around really locking down business plan, you know, building financial model from our perspective what it will look like with an outside partner I guess you know, and the management structure and all that

6.5.Letting-go and taking -on narrative

This narrative refers to the actualization of commitment to transforming different domains of unprofessional styles of doing business. During their off-farm equity journey, family farms agreed to let go of their traditional styles and to take on

different professional styles in accessing off-farm equity (see Table 4). Farm A let go of their lifestyle of farming, cultural rigidity, privacy around investors, individualistic strategy and embraced decisions making. Farm A also relinquished its tactics of selling only half of its business at a premium price. Instead, it accepted the strategy of selling

Table 4: Farm transformation process, extracted from data

Letting go	**Taking On**	**Case**
Lifestyle farming	Commercial farming approach	**A**
Intertwined transaction	Normalisation of transaction	**A**
Culture of rigidity	Culture of adaptability	**A**
Closed book attitude	Open book attitude	**A**
Individualistic approach	Team approach	**A**
Premium offer	Discounted offer	**A**
Selling a part of the business	Selling the whole of the business	**A**
Impractical valuation	Pragmatic valuation	**A**
Old business structure (complex)	New business structure (Simplifying)	**B**
No details documentation	Details of investment case (historical returns/ future returns)	**B**
No disclosure to investors	Informing legitimate investors/ shortlisted investor	**B**
Incompetence in business	Developing more robustness in business to fight risks	**B**
Family style of structure	Corporate structure	**B**
Undefined responsibility	HR responsibility structure	**B**
Family driven analysis	Professionally analysing business drivers to ensure profitability	**B**
The idea of a fully family board	The big shift in governance: bringing in independent members	**C**
No management structure	Disciplined management restructuring (appointing CEO /CFO)	**C**
Unaudited financials	Audited set of documents for more accurate financial performance	**C**
100% control by family business	Modeling the business to sell equity up to 90%	**C**

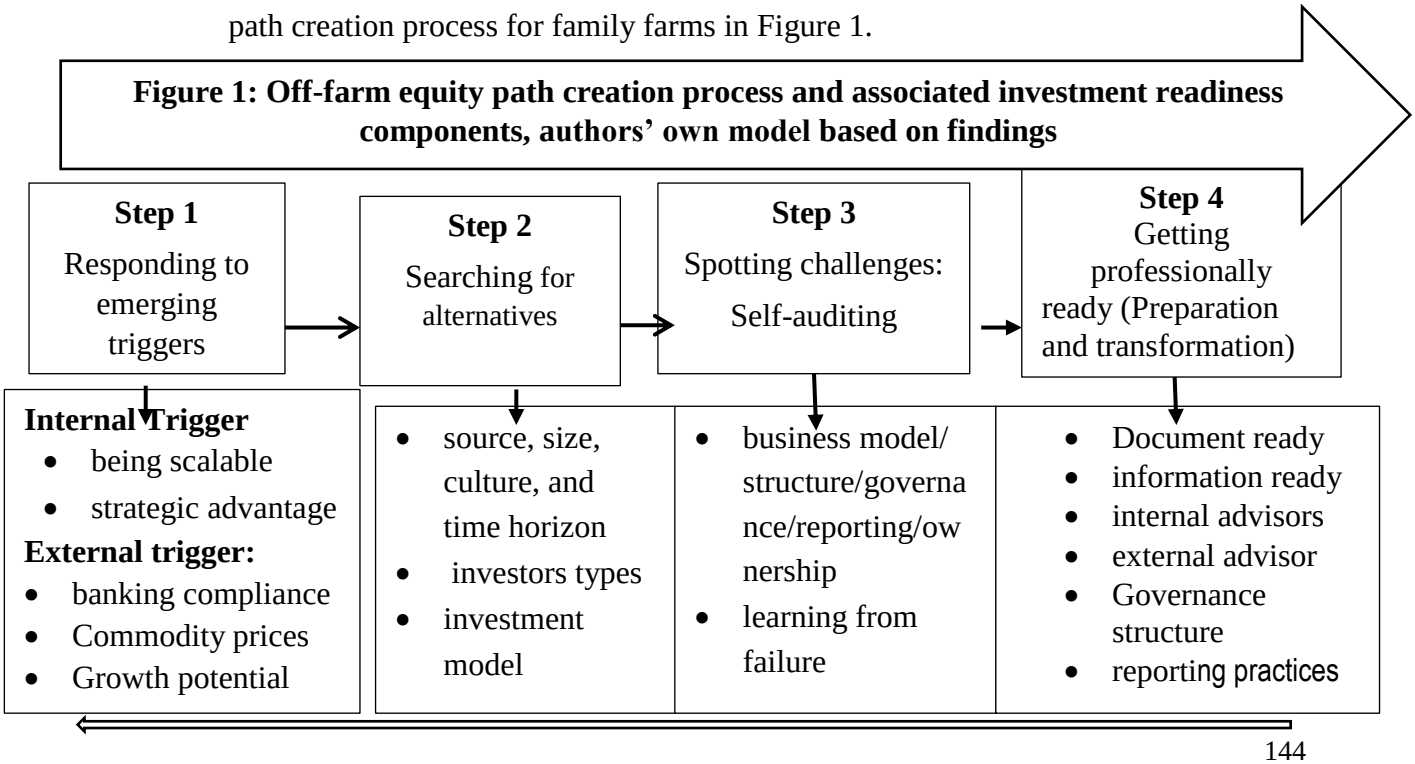
the whole business at a discounted offer with a correct valuation. Farm B showed a commitment to forgoing its complex business structure, the tendency of not disclosing the business and the family style of business structure, which has defined job specification. Farm B committed to developing an investment case of their capital and

commitment to restructure their business with defined specific roles that could be shared with potential investors. It also wished to develop a professional analysis of their profitability letting go of the family driven analysis. Likewise, Farm C also wanted to give up the idea of a fully family-based board, 100 % ownership, no management structure, and unaudited financial statements. Instead of these, it wanted to take on the offer of selling up to 90% of its farms, creating governance, appointing a chief financial analysist external to the farms and who would do auditing of financial statements for investors.

7. Discussion

A primary contribution of our study is that unveils the process of how family farms access off-farm equity. Our findings indicate some five narratives from off-farm equity experiences of three family farms. These narratives include motivation for change, soul searching, right partners and right capital, professionalization and letting go and taking on narratives. Linking these narratives with the path creation process and new path creation theory, we find four themes in family farms' off-farm equity journey, as discussed in this section. Four emergent themes from these narratives are responding to triggers, searching information, self-auditing, and becoming professionalised. Connecting these themes, we developed a new financing path creation process for family farms in Figure 1.

Figure 1: Off-farm equity path creation process and associated investment readiness components, authors' own model based on findings



This model allows family farms to understand how farms that have taken this journey break financial lock-in and start a new financing path towards more innovative financing, off-farm equity in our case. Secondly, we believe we have also contributed to the investment readiness literature. Integrating the concept of investment readiness and path creation, we regarded the financing path creation process incorporates investment readiness process. Based on the findings, it is reasonable to note that family farms are expected to professionalise their traditional business model and practices once farms decide to create new financing path. Actions taken by family farms in new financing path creation process makes the farms ready for funds. Finally, our study also contributes to the literature of organizational path dependence and new path creation. To the best of our knowledge, path dependence and path creation concept has not been used in changing the financing direction of family farms. We extend previously scholarly discussion of path dependence and path creation view in family farm financing.

7.1. Path dependency view before starting off-farm equity journeys

The institutional and financial lock-in, described in section 2.4 and 2.5 of this paper, and the historical dependency of all farms on traditional finance, such as internal equity and bank debt, can be related to path dependence in many ways. Our findings show that previous generations played a significant role in selecting traditional sources of finance. Current generations stick to that initial financing practice because farms, as an institution, "are carrier of history" (David, 1994) and they cannot avoid the imprinting of institutional heritage such as culture, norms and practices (Sydow et al., 2009; Tolbert & Zucker, 1983) of financial strategy. In the path-dependent process, broader historical institutional setting determines the *rules of the game* for a firm's survival (Vergne & Durand, 2010), no matter that particular settings are inefficient globally (North, 1990; Pierson, 2000). In this study, we observed that the family farms had generally established an initial financial structure that seemed to be less efficient in meeting farms' needs for finance. This initial financial condition in our study is the reference point of financial path dependency.

What interpretation of this path dependence can we draw in the context of our research? One interpretation is that historic financial path dependency, even if it seems

to be smaller (Arthur, 1994), might create "butterfly effects" (Hilborn, 2004) in family farms' trajectories. Butterfly effects refer to actualising or missing some futuristic larger scale outcome in any organizational settings if small-scale changes in the historical condition are not duly taken care of (Hilborn, 2004). The consequence of this sensitivity to this financial condition is that it may put firms in (financial) lock-in (Vergne & Durand, 2010). Driven by this financial lock-in, "penguin effects" (Katz & Shapiro, 1985) may emerge in the farming industry. This means that despite having good intentions, family farms cannot change their financial lock-in, due to "systematic diachronic" condition (Senge, 2006) unless external forces and actors intervene in the process (Garud & Karnøe, 2003, 2001).

7.2. Path creation view in off-farm equity journeys

Family farms in our findings did not want to continue with this initial financing path dependent situation. Instead, farms wanted to break this financial path dependency and create alternative financing paths for their capital needs. Our interpretive lens on narratives developed in Section 6, has found four steps for path creation as depicted in Figure 1. Following the new path creation process (Garud & Karnøe, 2001) and the new path creation theory (Simmie, 2012), these four steps have been articulated for this study.

The first path creation step towards a new financing path (off-farm equity) in our study was to recognise the internal and external triggers by family farms. We refer to internal triggers are those that arouse farms' own perspectives, for example, farms' desire to increase their scale and to a develop strategic advantage, such as bringing the farm into the global market through a supply network or accessing raw materials which they currently lack in. By external triggers, our study points to those factors that originate from changes in the macroeconomic environment and the financial system. To put the example of changes in the financial system, one farm indicated that they were given the tougher condition of loan sanction from commercial banks owing to the changes in banking regulation after the global financial crisis (GFC) in 2008. Regarding macroeconomic changes, another farm referred to falling profitability due to the falling of commodity prices. This hampered farms' capacity to cash generation. Consequently, financial risks for that farm emerged, as it could not service bank loans in a timely

manner. On the other hand, growth in export markets provides an incentive to expand the business and increase profitability. This is more likely to drive capital expansion than falling commodity prices. All these triggers motivated farms to explore new sources of financing.

This proposed four-step financing path creation process in our research can be seen as resembling the new path creation process outlined by Simmie (2012). Proponents of this path creation theory argue that path creations start with "mindful deviation of knowledgeable of agents" (Garud & Karnøe, 2001) (farms in this case) from an initial condition of being path dependent (Simmie, 2012). This shift from the initial condition happens in three ways: (1) by accidental efforts of human agency (farms owners in this case), (2) through a dynamic process of agents (farm owners in our case) and (3) diverse elements that reconfigure actions of that path (Garud et al., 2010; Karnøe & Buchhorn, 2008;Tsoukas, 2008; Callon, 1990; Garud & Karnøe, 2001).

In our research, findings support all these three dimensions for farms' deviation from path dependency to a path creation process. The role of the human agency is evident in the sense that current farm owners are the key agents who perceive the benefits of the change. Accidental issues were also found in our research, such as unexpected economic, financial, and regulatory shocks that triggered them to deviate from their initial financial condition. Finally, farm owners (actors) responded in systematic approaches based on emerging financing alternatives in farm finance industry.

Initial financial conditions (in the path dependent stage) seems to be less appropriate as our farms experience exogenous contingencies (Arthur, 1989), such as economic downturns, commodity price risk, and new banking regulations, and self-reinforced (Vergne & Durand, 2010) ambitions, for example, farms' desire to escalate scale, scope, and skills in their farming. Farms may consider this stage as an opportunity to discover, create (Alvarez & Barney, 2007) and cultivate serendipity and contingency of path creation (Garud et al., 2010) for accessing alternative forms of off-farm equity as" fortune favours the prepared mind" (Garud, Nayyar, & Shapira, 1997). During this stage, farm entrepreneurs may introduce themselves with new

combinations of sources of financing for the entrepreneurial process (Schumpeter, 2013).

Once family farms decided to respond to internal and external triggers to change traditional financing paths, the second step in our model in the path creation process started with the search for alternative financing. In this stage, farm owners search for suitable off-farm investors. Two farms mentioned their preference to develop a partnership with institutional investors as this form of capital partners could provide a large amount of capital, while another mentioned they did not like to bring someone with a large amount of capital because of the apprehension of losing control of their farms. Another farm was not sure about the kind of investors it would access, and that was why it would approach a large number of potential investors. Findings also indicate what farms mentioned about different investment model, such as' co-investment, joint venture, passive equity, off-take equity, under which they like to ally.

This step of searching alternatives can be linked with *boundary spanning stage* of path creation process (Garud & Karnøe, 2001). At the boundary spanning stage, entrepreneurs translate their ideas about interacting with others and develop ground to substantiate those ideas (Garud & Karnøe, 2001). In addition, at this stage entrepreneurs try to consider what other actors think to transform their innovative ideas into shared and stable ones. In our research, we also identified the searching stage, with family farms trying to understand the pulse of the off-farm investors to get insights into investors' expectations. Farms attempted to develop such shared paths that would convince both investors and farms. Previous research in organisation path creation (Gruber, 2010) also shows that searching for alternatives in path creation helps entrepreneurs better understand the *ex-ante* issues of the most efficient path (Gruber, 2010; Sydow, Windeler, Möllering, & Schubert, 2005).

Linking the resource-based view (Alvarez & Busenitz, 2001; Choi & Shepherd, 2004) with the path creation concept, our interpretation is that during this stage family farms can explore their maximum scales and scope if they can perceive the correct information regarding the right off-farm investors, partners, models, sizes, and management capabilities required. Following the view of searching for alternatives in organization path dependence (Gruber, 2010), another important consideration is that

farm owners' level of experience, knowledge, aspiration (farms' expectation of other referent farms), farms' individual attributes, and the level of financial capital matters in creating off-farm equity path (Cyert & March, 1963). Searching for different alternatives helps farms to access broader information about investors which is crucial for successful off-farm equity deals (Tang, Kacmar, & Busenitz, 2012).

The third step in the off-farm equity path creation process is spotting farms' challenges in accessing off-farm equity, which we have termed as self-auditing. We may compare this stage with the momentum generation stage of path creation (Garud & Karnøe, 2001). Having paraphrased the explanation of Garud and Karnøe (2001), we understand that entrepreneurs may go through a critical revision of actors' strengths and can identify the viability of innovative ideas. Our findings suggest that family farms identified some professional barriers to off-farm equity injection in their farms, including traditional business models, rigid business structure lacks a solid business plan, high level of confidentiality, poor governance, and reporting. Off-farm investors are not impressed with these poor professionals' setups, as all types of investors including individual and institutional investors want to see professional set up of the business (Fernando, Schneible, & Suh, 2014). Institutional investors, however, want more professional picture than that of individual investors, as the former are full-time investors and appoint professional analyst to oversee their investments (Hirshleifer & Teoh, 2003; Utama & Cready, 1997). This stage of professional barriers can also be linked with the concept of "institutional hysteresis" in Simmie's path creation theory (Simmie, 2012).

Two of our farms experienced failed attempt of equity journey: One farm failed after 18 months while another had two consecutive failed equity attempts- one after three years and the other within 12 months. While entrepreneurial failure can either be beneficial (Cope, 2011) or harmful (Coad, 2014), our position in this research is that these failures are learning experiences for family farms in the entrepreneurial process (Verduyn, Caroline Essers, Olaison, & Meier Sørensen, 2014). Any failure that gives knowledge and professional pitch to entrepreneur can be labeled as a good failure (Verduyn et al., 2014). In our research, learning from failed equity attempts also gives the opportunity to evaluate. Following the evaluation concept of entrepreneurial learning (Corbett, 2005), we draw an interpretation that farms can assess their plan for off-farm

equity and may decide whether they can move forward or restructure their business, management, governance, and reporting structure.

The final step in our model is to get professionally ready, particularly within the domains of farms, which involves bringing some changes where family farms perceive that it is good for them to professionalise, before going ahead in off-farm equity journey. We relate these steps with the new path establishment process of new path creation theory (Simmie, 2012). To correctly reflect the professional readiness of family farms in this study, we regarded two issues: (1) preparation, and (2) transformation. These two issues can be related to the stage of the new path establishment's process as explained by Simmie (2012). To Simmie (2012), this stage of new path creation is achieved through an "incremental" innovative change or by "radical breakthrough." We relate our observation of incremental change to the actors following any of the following options: "displacement," "layering" or "conversion" (Simmie, 2012). In new path creation theory (Simmie, 2012), displacement means gradually raising firms' salient futures of benchmarking; layering indicates introducing new norms and practices with existing ones, and conversion refers to revising institutional practices.

In our study, we see the pattern of layering and conversion in preparation and transformation for external equity. Layering is found in a sense that each of the farms has newly developed their investment case, information memorandum, business plan, board structure, and reporting protocol. Conversion is evident in the sense that family farms appointed internal advisors, consulted with external advisors, and used the experiences of in-house talent to modify their family dominant structure into a professional set up. These initiatives of observed family farms were seemed to be different regarding pace and scope (Plowman et al., 2007; Greenwood & Hinings, 1996). From our point of view, some of the main reasons for this difference in pace and scope among family farms was owing to their size, spending capacity and commitment, and individual preferences.

Changes in traditional farms' practices and structures intended to convince off-farm investors may provide direct and indirect benefits. Regarding direct benefits, our view is that family farms can access off-farm equity demonstrating farms' "reliability and accountability" (Sydow et al., 2009*)* to investors. With regard to indirect benefits, family farms can develop purposive planning (Schreyögg & Sydow, 2010), improve

environmental fitness (Greve, 2002), secure environmental alignment (Desai, 2010) and survive competitive threats (Sydow et al., 2009). Together, these transform their new financing path into a "higher degree of functionality" (Garud & Karnøe, 2003).

7.3. Path creation view and investment readiness in off-farm equity

Cases presented in this study do not only illustrate how family farms navigate their new financing path of off-farm equity but also portrays the farms' actions and commitment to investment readiness. Investment readiness refers to understating the investors' concerns about entrepreneurs in accessing external equity financing and developing business plans; business models, market connections, management practices; governance arrangements; presentational strengths; and taking professional advice (Silver, Berggren, & Veghohn, 2010; Mason & Kwok, 2010; Mason & Harrison, 2004; Douglas & Shepherd, 2002). Family farms' financial lock-in could be related to the theme "investment readiness program and access to finance" noted in Mason and Kwok (2010) and (Seet & Graves, 2010). These authors mentioned three main categories of barriers to accessing external equity for unquoted firms, family farms in this case. These barriers mainly reflect the equity seekers' weaknesses as attributed to (1) equity aversion, (2) invest ability, and (3) presentational failure. Equity aversion manifests family farms' negative attitude toward off-farm equity; investability indicates family farms' poor fit with no or poor investment case; while presentational failure happens when family farms cannot generate sufficient documented information for investment proposals (Oakey, 2007; Howorth, Westhead, & Wright, 2004; Mason & Harrison, 2002; Mason & Rogers, 1997; Harrison, Dibben, & Mason, 1997; Hutchinson, 1995).

Experiences in new financing path creation can help family farms to prepare themselves to become investment ready for off-farm investors. Every step in new financing path creation is unique and gives some lessons for investment readiness for family farms. In our study, we have compared the first two steps of path creation, responding to triggers, and searching alternatives, in Figure 1, with the equity aversion dimension of investment readiness (Mason & Kwok, 2010). Within the investment readiness process, recognition of triggers means that families express their aspiration to grow and to increase their scales with external equity. By searching for alternatives,

family farms remove their informational gaps about potential sources of external funds, investors' characteristics, types, and professional advisors. Previous research has suggested that information seminars can be a suitable alternative to know about equity partners, types, debt limitations, intermediators, risk and return (Mason & Kwok, 2010). Self-audit of in our path creation model can be linked to the investability dimension of investment readiness. In this stage, family farms can identify their personal and business shortcomings because of which investment proposal may be rejected (Feeney, Haines Jr, & Riding, 1999). This step also helps family farms to understand what the external financiers' requirement is (Mason & Kwok, 2010). Getting professionally ready, the final step of our path creation process can be related to the presentational failing dimensions of investment readiness (Mason & Kwok, 2010). During this stage, family farms can develop their written documents, business plans, organizational structures, governance, and reporting structures, and appoint professional advisors.

Earlier research has suggested some ways to develop investment readiness for external capital. Three essential steps suggested by Douglas and Shepherd (2002) are technology readiness, market readiness, and management readiness. In the context of path creation for alternative financing for family farms, a judgment of using investment readiness for funding is quite similar. Based on the analysis of findings and the conceptualization of new path creation and investment readiness, we have interrelated these two notions. In this research, we have shown that following the four steps of new path creation, family farms exposed to non-traditional financing modes are breaking their previous structural lock-in. Similarly, investment readiness prepares firms to access funds from external financiers bringing changes to firms' attitudes, system, processes, and structures. In line with the sense-making concept of organizational change (Weick, 1995; Gioia & Chittipeddi, 1991), we argue that actions taken by family farms in new path creation make sense for investment readiness.

8. Implications, future research, and conclusion

We like to present the academic and managerial implications of our study. From an academic perspective, firstly, this study advances the literature of family farms financing linking with the concept of institutional lock-in, financial lock-in,

organizational path dependence, and path creation. Our conceptualization of these terminologies could be used as frameworks in the future research of family farms' financing. Second, our new financing path creation model of family farms would guide family farms' researchers to identify: the external and internal triggers to new financing strategies; the right models needed for the right farms; the steps involved in off-farm equity journeys and the professional tools needed in this process. Third, the evidence that we observed in the farms off-farm equity journeys might help theorists and academics to think about why it is problematic to keep family farms stuck to the same financing model over generations; why breaking out of familiar financing territory is a necessity; and how this breakout may happen. Finally, the three case studies have been conducted based on an interview with only one member of each farm without looking into any other secondary documents. Taking interviews with more individuals from the same farms as well as more farms and inspecting their secondary documents might reveal more interesting findings.

From a practical perspective, this study provides some lessons for family farm owners. First, family farms can meet their capital needs, economies of scales, and growth potentials if they adopt a fluid form institutional arrangement (Schreyögg & Sydow, 2010) which might open the opportunity for alternative financing for family farms. Second, family farms might accept the idea that they can acquire the skill of "organizational ambidexterity" (Filippini, Güttel, & Nosella, 2012; Simsek, 2009; Benner & Tushman, 2003) to make them professional in initiating the new financing paths. Third, family farms would also be aware of the fact if they do not shift their traditional financing path in response to environmental turbulence, they may find themselves become "tired pioneers" (Berghoff & Möller, 1994) and "entrepreneurially lethargic" (Nicholas, 1999*)* because they might be locked in a complacent and conservative inherited tradition. Consequently, a "lackluster enterprise culture" (Nicholas, 1999) might emerge in family farms that may cause a downgrade to their overall economic growth (Chandler, Hikino, & Chandler, 2009; Fletcher, 1965).

Despite the contribution that we have described in section 7, our research has some limitations that attract a further research direction. Firstly, our findings were based on the interview only with the only one participant of each farm who was part

of the incumbent generation actively engaged in accessing off-farm equity. Interviews with one member of the current generation might not uncover all significant details of the story of financial path dependency and new financing path creation. Thus, interviews with the predecessor generation, interviews with other active farm members of the current generation, and analysing farms' historical documentation would provide many insights into farms' financial path dependency and path creation.

Secondly, all the farms interviewed were from the cattle industry. Our justification for taking cattle farms as a sample was that cattle industry is a capital intensive, which requires long-term patient capital, and off-farm equity capital is generally the most suitable mix of capital for meeting this long-term capital needs. The investigation into a more heterogeneous group of sample family farms also warrants research attention. Because, family farms are different regarding sizes, capacities, and capabilities to explore opportunities, mechanisms, objectives, and strategies, for passing through new financing paths, this may not be same and nor straightforward for all types of family farms. Thirdly, this study has used the concepts of lock-in (Arthur, 1994), path creation process (Garud & Karnøe, 2001), and new path creation theory (Simmie, 2012) that were originally developed in case technology development. Even though, motivated by the work of (Sydow et al., 2009), we have given our own justification for using these concepts, but potential scholars could do more research on how to bring some adjustment to these concepts to better use them in the context of family farms, rather than readily use them in family farms' context as they are. Furthermore, even though our study shed light on the changing of the historical financial path dependence and the creating of new financing paths, researchers should further explore what the specific roles of off-farm investors and intermediators are in the process of path creation because in path creation multiple agents are involved (Simmie, 2012).

Challenges to access to sufficient finance for family farms are a common phenomenon all over the globe. Off-farm equity capital has emerged as a ubiquitous alternative solution. Benefits of accessing off-farm equity seem to be remarkable to farms and investors. Off-farm equity may also entail different risks for family farms for a number of reasons from various sources as evidenced in the literature. However, the

scope of our study was not to fully explore the risks dimensions of off-farm equity in the Australian context. Despite this upside and downside of off-farm equity, systematic ways of accessing off-farm equity for family farms are notoriously challenging. This study gives researchers, farms, and practitioners a practical understanding of how family farms have taken to this challenge. This study explored two issues: the motives behind family farms change their traditional financing and how they create off-farm equity financing paths. Exploring motives for off-farm capital and the ways to access off-farm equity is of course very significant about solving family farms' financing problems but represents a tip of the iceberg. Family farms may have the courage to go beyond their familiar territory to better handle the steps involved in new financing path creation process. Developing investment readiness skill through the new financing path creation process is undoubtedly a great learning experience for families in enhancing their suitability for this new financing path. However, even before entering the process of creating a new financing path, family farms can master relevant investment readiness skills including professional orientations.

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CHAPTER 4: PAPER THREE

GOVERNANCE STRUCTURE FOR FAMILY FARMS IN THE CONTEXT OF OFF-FARM EQUITY FINANCING

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[2]Julie Cotter: (Principal Supervisor and Co-author of the manuscript)

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CHAPTER FOUR: PAPER THREE

Governance structure for family farms in the context of off-farm equity financing

Abstract

We explored governance structures for family farms wishing to access equity capital from off-farm investors. Interviews with family farm owners and farm investment advisors suggested three governance themes that family farms consider in the governance process: governance culture, governance alignment, and governance structure. Linking with institutional theory, we interpreted these themes as process phenomena and considered investors and advisors to be the normative background institution. The board structure and reporting practices appeared to vary based on investors' heterogeneity and farms' characteristics. Our study contributes to research on the finance, governance, and reporting of family farms.

Keywords: Family farms, off-farm equity, governance, reporting, and institutional theory

1. Introduction

This paper explores the governance processes and practices of private family farms in the context of off-farm equity investors.[4] Family farms tend to access capital from traditional financing sources: internal (family) equity, debt and leasing capital (Dodson, 1994,1992; Scofield, 1972). Nonetheless, off-farm equity capital as defined in this study is "the capital derived from sources other than retained earnings or the internal capital of farms" (Wang et al., 2002), is not a new source of farm finance in many developed economies, such as New Zealand, the United States, and Canada (Painter, 2010; Eves, 2005; James Lowenberg-DeBoer et al., 1988), and is in an emerging stage in Australia. Off-farm equity arrangements and possible economic models explaining the behaviors of farms and investors in relation to off-farm equity have been addressed

[4] For the purpose of this study, family farms are those farms in which family members hold the ownership of land and other assets, enjoy decision making freedom on operational aspects (van Vliet et al., 2015) and employ a small proportion of hired labor (Djurfeldt, 1996; Errington & Gasson, 1994).

in the previous research (Collins & Bourn, 1986; Fiske et al., 1986; Lowenberg-DeBoer et al., 1988; Matthews & Harrington, 1986; Penson, 1977; Raup, 1986). Although the use of off-farm equity has a number of financial and operating benefits for farm businesses (Wang et al., 2002; Barry et al., 2000; Lowenberg-DeBoer et al.,1989; Collins, 1988; Fiske et al., 1986; Raup, 1986;) and for equity investors (Raup, 1986), family farms have not yet been able to fully explore this equity market for meeting their long-term capital needs (Collins & Bourn, 1986).

Many studies have found high transaction costs, inflexible financing arrangements, and moral hazard problems between farms and investors and the peculiar organizational structure of farm businesses (Wang et al., 2002; Barry & Robison, 2001; Lowenberg-DeBoer et al., 1989) to be significant barriers to the external equity market. Evidence also suggests that the poor institutional set-up for uniting the interests of farms and equity investors (Dodson, 1994,1992), complex business arrangements (Johnson et al., 2009), and diverse governance challenges (Calus & Van Huylenbroeck, 2005) are the main barriers to external equity in farm businesses. Motivated by these challenges to the external equity market, we conducted semi-structured interviews with farm owners and farm investment advisors to explore institutionalized governance mechanisms for family farms wishing to access external equity.

Family businesses have become a dominant economic player in most countries around the world (Zahra & Sharma, 2004; Shanker & Astrachan, 1996). Since the outset of the 21st century, researchers have identified corporate governance as a significant theme in family business research (Debicki, Matherne, Kellermanns, & Chrisman, 2009). Although prior research has provided a wealth of insights about family business governance mechanisms, most studies focus on public family businesses. Very little attention has been paid to the governance structure of private family farms, a less researched branch of family businesses (Glover & Reay, 2015), which might legitimize the farm businesses to outside investors to access equity capital. In this article, we are particularly concerned with governance structures that ensure off-farm equity partnerships for private family farms with off-farm investors, including institutional, corporate and individual investors. We propose the following main research question:

Which institutionalized governance structure can facilitate off-farm equity capital for private family farms?

Researchers in farm and agricultural finance have criticized traditional financing mixes of internal equity, debt, and leasing as inefficient. They argue that excessive reliance on these forms of capital may force farms into more financial risks (Kalecki, 1937) and liquidity risks (Fiske et al., 1986). Others (Barry & Robison, 1986, 2001; Allen & Lueck, 1998) claim that the idiosyncratic attributes of farms, natural and biological shocks to the output of farms, and the production cycle hamper the effectiveness of traditional financing. Therefore, since the 1980s, equity capital from off-farm investors has received academic attention as an alternative source of capital in the capital structure mix of farms (Barry & Robison, 2001; Collins & Bourn, 1986; Fiske et al., 1986; Lowenberg-DeBoer, 1989; Wang et al., 2002).

Agricultural finance researchers have highlighted the lack of a proper conceptualization and research framework in off-farm equity in the farming industry (Lowenberg-DeBoer et al., 1989; Mondelli, 2011). Agricultural commentators, independent farm finance experts, and the grey literature on farms and agriculture have also stressed the importance of the family farm governance structure for accessing equity capital from off-farm investors. However, there may be at least three reasons why researchers have focused less on the private family farms' governance structure for developing equity partnerships with off-farm investors. First, they may believe that family farms are not interested in taking capital from off-farm equity investors because this trend of accessing capital may degrade their emotional ownership and sense of belonging (Björnberg & Nicholson, 2012). Second, the challenges in obtaining accurate sources of data about the financial, business and management structure of family farms may demotivate scholars to undertake this type of research. Third, because family farms are synonymous with small farms (Collier & Dercon, 2014) and struggle to find successors (Wheeler, Bjornlund, Zuo, & Edwards, 2012; White, 2012; Mishra, El-Osta, & Johnson, 2004), researchers may believe that family farms have little significance in the economy and may gradually be cannibalized by their corporate rivals.

As family businesses are an important economic institution and an emerging institutional field (Sharma et al., 2014; Gedajlovic, Carney, Chrisman, & Kellermanns,

2012; Melin & Nordqvist, 2007), these businesses can adopt a set of governance structures, practices and procedures, like every other institution (Nordqvist, Sharma, & Chirico, 2014). Family farms, as a branch of family businesses, is no exception. In line with the literature (Gedajlovic, Lubatkin, & Schulze, 2004; Lansberg, 1999), and for this study, we have defined institutionalized governance structures as the practices and procedures that satisfy the internal and external stakeholders of the family farm business. More specifically, we focus on the governance process, board and reporting aspects of the family farm business. In turn, family business scholars have found that this form of business involves two domains of corporate governance: family governance and business governance (Neubauer & Lank, 1998; Klein, 2009; Gallo & Kenyon-Rouvinez, 2005; Mustakallio, Autio, & Zahra, 2002; Aronoff & Ward, 1996; Donnelley, 1988; Gersick, 1997). According to these studies, the main corporate governance components of family businesses are the family council, the shareholder meeting, the top management team and the board of directors.

Some other scholars (Minichilli, Zattoni, & Zona, 2009; Corbetta & Salvato, 2004) have raised questions about the effectiveness of these governance components in family businesses due to a high degree of heterogeneity in family businesses. Consequently, other researchers have coined the idea of the configurational corporate governance approach for family businesses based on family involvement in ownership and management, the ownership and individual context, generational life cycles, firm complexity, and governance task specification (Nordqvist et al., 2014; Chua, Chrisman, Steier, & Rau, 2012; Chen & Nowland, 2010; Bettermann & Heneric, 2009; Klein, 2009, 2008). Despite these scholarly developments in family business governance literature, governance components and reporting practices in a purely family farm context are still missing in the broader family business research.

The tie between firms' ability to access external financing - debt as well as equity capital - and corporate governance is well established in the academic literature (Mande, Park & Son 2012; Shleifer & Vishny, 1997, Williamson, 1988) from different theoretical standpoints. An agency theory (Jensen & Meckling, 1976) perspective defines corporate governance as the "ways in which suppliers of finance to corporation assure themselves of getting a return on their investment" (Shleifer & Vishny, 1997).

While the asset specificity theory (transaction cost economics perspective) articulates the corporate governance structure based on external finances- debt or equity- firms intend to use and the nature of assets they belong to. Firms may get benefit using debt governance, also known as a simple governance model if they hold more redeployable assets while equity governance, also known as a complex governance model, is suitable for projects with non-redeploy able assets (Williamson, 1988).

Adapting good corporate governance practices by firms generates benefits to equity users (firms), equity suppliers (investors) and the financial market as whole, in a number of ways (Mande, Park & Son 2012;Beck & Levine, 2008; Dittmar & Mahrt-Smith, 2007; La Porta, Lopez-de-Silanes, Shleifer & Vishny, 2000)

i. firms raise more equity capital from domestic and foreign sources;
ii. firms can increase their value of firms through efficient investment decisions as corporate governance create a commitment to select the right project ;
iii. firms can use external capital more efficiently, thus, reduces the overall cost of capital
iv. safeguards external investors' investment from the potential risks of expropriation through legal protection
v. reduces the information asymmetry and searching cost for investors through a high-quality reporting system
vi. it promotes overall market confidence of a financial market which facilitates long-term capital inflow to firms in an economy from different sources

Most of the extant literature in corporate governance mainly focused on traditional listed firms' equity financing. Corporate governance research needs to extend to the area of family farms to mitigate the long-term equity capital shortage. Our research aimed to explore how family farms develop an institutional framework and the governance practices that family farms adopt throughout the governance process if they wish to establish an equity partnership with off-farm investors. In particular, using qualitative we explored the governance process and practices of private family farms in the context of off-farm equity investors. We conducted semi-structured interviews with farms that had either secured off-farm equity capital or were on the pathway to the equity process and with investment advisors engaged in the off-farm equity capital process in the Australian family farm industry. An inductive thematic analysis of the data has provided us with three governance themes and eight associated subthemes that family farms might consider in the off-farm equity accessing process. We visualize and

explain all themes from the processual view of governance, following the institutionalization process of Tolbert and Zucker (1999) (Figure 1). Our study contributes to research on family business governance, farm and agricultural finance; and family farms literature.

2. Family farm governance: Evolving dimension

Historically, family farms were characterized as self-sufficient regarding land, labor and highly contorted governance structure in terms of decisions making, ownership and management (Errington & Gasson 1994). Family farm's needs, such as alternative means for living, seasonal shocks, uneven productions cycles of farms, and urgency for more capital for capital-intensive technology, challenged the self-sufficiency of family farms (Errington & Gasson 1994). Consequently, an "individualization" approach of family farm governance style gained momentum due to sociological changes (Benito 2002; Alegre 1997). Structural changes in the farming industry put pressure on family farms to migrate to the world of modernisation from individuation paradigm due to farms' reliance on paid outside workforces (Cahuzac & Détang-Dessendre 2011; Laurent 2013). Family farms adapted a more complex form of "organizational and governance structure" (Moreno-Pérez et al. 2011) due to structural pressure, large off-farm labour demand (Benito 2002), and ample amount of capital penetration in agriculture. This change in the farm and agriculture industry pushed the family farms to adopt extended family farms model (Moreno-Pérez et al. 2011) which is typically "multifunctional" in nature, and beyond the conventional farming style (Lobley & Potter 2004; Renting et al. 2009). Multifamily farms and or partnership style of farms became into existence in British (Marsden,Minton,Whatmore,& Little,1989) in Australia (Pritchard et al. 2007) in the US (Allen & Harris 2005), in Canada (Bollman 2005; Machum 2005), in Belgium (Calus & Van Huylenbroeck 2005), and in Netherland (van der Veen & van Bommel 2005).

Following this extended version, family farms governance structure got multiple variations in different economic settings. Scholars termed it as neither family nor corporate (A Australian model) (Pritchard et al. 2007), hybrid management structure (a Canadian model) (Magnan 2012), and entrepreneurial governance set up (a French

Model) (Mundler & Rémy 2012). Another research (Tauer, 2014) in the US proposed two more family farm governance model: parent-child partnership model and sole proprietorship model. Of these two, the parent partnership farm governance model is more efficient than that of sole proprietorship due to professional work segmentation and sound management relation among the partners. Another recent study in French portrayed that multifamily farms show the corporate style of management, but it wants to keep the business in the hands of the family through the family foundation (Moreno-Pérez, 2015; Moreno-Pérez & Lobley, 2015). In structure, family farms want to make sure of three things at the farm level (Moreno-Pérez, 2015, Moreno-Pérez & Lobley, 2015): (1) partial contribution of capital and labour by the family itself, (2) family oriented farm management; and (3) the intention to keep family legacy farms.

Changes in farm size is another obvious consequence of structural changes in the farming industry and so is in farm governance model. Large farms gradually became dominant in the farming industry(Ahearn et al. 2009) and cannibalized the existence of small farms (Blandford & Hill 2006). Larger farms have transaction cost efficiency due to competitive edges in market knowledge, technical knowledge, input price, finance and capital (Poulton et al. 2010). While small scales farms have transactions cost efficiency regarding labour supervision, local knowledge and food purchase and risks (Poulton et al. 2010).

To summarise, we hold that view that the classical model of farm governance has become outdated due to structural transformation in family farms (Lobley & Potter 2004; Brookfield & Parsons 2007; Moreno-Pérez & Lobley, 2015; Moreno-Pérez, 2015). Some different variants of family farm models as discussed above are Sole trader ship model, parent-child partnership model, entrepreneurship model, purely corporate model and holdings (involving same households but different stakeholders. The inclusion of different stakeholders (farms and investors) in the farm's governance structure will, of course, raise the debate of asymmetric participations of capital, control, labour and decision making (Moreno-Pérez & Lobley, 2015; Moreno-Pérez, 2015). This weakness of farm governance models created the needs for new farm governance style which has not been explored yet by the scholars (Moreno-Pérez &

Lobley, 2015; Moreno-Pérez, 2015). This research intends to explore what farm governance framework will look like if external equity investors are taken as an equity capital partner.

3. Empirical settings and theoretical underpinnings

The Australian family farming industry is an interesting setting for this study for a number of reasons. First, the right mix of financing for Australian farms and the agribusinesses industry is currently at risk. Over the past 100 years, the traditional bank-based financing model has become inefficient in meeting the growth and working capital needs of the farming industry due to the complex structural changes in the industry (Heath, & Tomlinson, 2016; Australian Farm Institute (AFI), 2014; National Farmers' Federation (NFF), 2014; Australian and New Zealand Banking Group (ANZ), 2012. Second, currently, approximately 95% of all farms in Australia are family dominant, and they still lack transparent management, information infrastructure, and mature financial governance (ANZ, 2014; Commonwealth of Australia, 2014; 2013) Third, Australia has a global presence in the farm and agricultural industry, holding 9% of the total global share (Lowder, Skoet, & Raney, 2016).

Although this paper considers evidence from Australia, its findings have global relevance across family farming and agricultural domains where this industry needs to secure off-farm equity from external investors and must respond to external investors' demands to adapt governance and reporting initiatives, especially in an environment in which government to a larger extent does not intervene (Pritchard, Burch, & Lawrence, 2007; Gray & Lawrence, 2001). In addition, the existence of a larger set (90% of farms) of family-dominant farms around the world (Food and Agriculture Organization of the United Nations (FAO), 2014)) and the dominance of family farms over a larger proportion (70-80%) of farmland (FAO, 2014) around the globe signifies the global implications of this research.

Theory selection process of this paper was inductive (Thomas, 2006; Strauss & Corbin, 1998). Governance themes developed from this research is indicative of the fact that farms wishing to access off-farm equity require to adopt governance practices, formal/ informal. The interpretive line of argument from these findings is that off-farm investors, as a resource (equity capital in this case) providing stakeholders, as well as

professional advisors possibly want to see family farms as a “legitimate unit of organization” (Meyer & Rowan 1977 ; Benson,1975) before they go for accessing off-farm equity. This perspective of this data resembles with institutional theory.

The institutional theory explains how and why an organisation adopts some distinct process, strategies, schemas, and outlooks derived from social interaction and the environment where the organization operates (Selznick 1996). The main crux of the institutional theory is to develop organizational norms and practices and to clarify the isomorphic institutional pressures of environmental actors and actions behind these norms and practices (Kondra & Hinings 1998), even though scholars differ on many variants of institutional theory (Scott 1987; DiMaggio 1988; DiMaggio 1991). By taking an attempt to adopt special characters, to achieve distinct skills, and to get training and competencies, an organisation becomes institutionalised (Selznick 2011). Institutionalisation is a fair process that can be referred to as "the emergence of orderly, stable, socially integrating patterns out of unstable, loosely organized, or narrowly technical activities” (Broom & Sociology 1955). Family businesses have also now widely been accepted as a separate orgnisational unit (Sharma et al. 2014) due to significantly considering this field by a specific set of interested institutions and individuals including professionals, academics, and researchers (Melin & Nordqvist 2007).

Our research fits with the institutional theoretical framework in three dimensions (see detailed discussion in Section 6): first, in line with institutionalists (Dimaggio & Powell, 1983; Selznick, 1996; Broom & Sociology, 1955), our participants also argued that family farms could adopt some formal and informal norms and practices prior to seeking off-farm equity capital. Second, we identified three farm governance themes in our findings from a sequential process of institutionalization, following the institutional framework of Tolbert and Zucker (1999). Third, according to new institutional theory (Selznick, 1996), we treated off-farm investors and farm investment advisors as new sources of normative institutional isomorphism (Dimaggio & Powell, 1983) who exert indirect normative pressures on family farms, insisting that farms adopt governance practices to ensure the farms’ legitimacy (Larson, 2017; Dimaggio & Powell, 1983; Collins, 1979) as institutions.

4. Research methods

4.1.Study participants and data collection

We explored the perspectives of two major parties engaged in off-farm equity transactions in the family farm industry: family farms and farm investment advisors. We designated these two groups as two separate panels: Panel A (farm investment advisors) and Panel B (family farm owners). These two separate sets of interviewees enabled us to triangulate our research findings and to cross-check the opinions of both groups to determine any substantial discrepancies among the participants (Denzin, 1978). Farm investment advisors are in a good position to provide relevant data on investors' position. Also, farms investment advisors can provide an alternative perspective on farming families and play a significant role in educating and bringing the two parties (farms and investors) together.

Panel A: Farm industry advisors. This panel included 14 investment advisors from the Australian farming industry who have been successful and have a consistent track record in advising off-farm investors; family farms and the agribusiness industry for the last 10-20 years. This panel included four specialist agricultural investment advisors, three agricultural specialists from accounting or consulting firms, three farm management group advisors, one agribusiness banker, two agricultural fund managers and one finance manager of a business involved in supply chain investment. This sample consisting of a diversified group of advisors who were working on the ground authenticated our findings from multiple perspectives.

Panel B: Family farms. This panel included 4 family farms from Australia. Of these 4 family farms, 2 had already received equity capital from off-farm investors, and the other 2 were about to obtain off-farm equity. These farms represented either at 4^{th}- or 3^{rd}-generation and are of different sizes.

To ensure quality participants for our study, we requested that our interviewees refer or introduced us to some of the best subsequent participants, according to the snowball sampling (Patton, 1990). Proceeding in this manner, we constructed a chain of 4 farms and 14 farms investment advisors working in the Australian farming industry and interviewed them one-on-one. We have not further extended our participants' chain because we agreed that the ideas and experiences shared by the interviewed participants

became almost theoretically saturated (Strauss & Corbin, 1998), given that no new ideas were emerging. For the convenience of our participants, we conducted nine face-to-face interviews (6 with farm advisors and 3 with farms) and seven telephone interviews (6 with farm advisors and 1 with a farm). We recorded and transcribed approximately 1070 minutes of interviews (793 minutes of interviews with farm advisors and 277 minutes with farms), which varied from 107 minutes to 25 minutes but averaging 62 minutes.

We started our interview with some descriptive questions (Taylor, Bogdan, & DeVault, 2015; Kvale, 1996) and opinion questions (Patton, 2002) to understand the experiences and opinions of our participants about farm financing and governance. Throughout the interviews, once we wanted to clarify the meaning of any primary response by our participants (Stewart, 2002), we produced some probing questions (Minichiello, Aroni, & Hays, 2008) and applied a reflective probing strategy (Minichiello et al., 2008) on the primary question to double check our understanding. Our interview was semi-structured and in-depth in the sense that we continued our interview discussion by producing some interpretative prompts for uncovering the realities and truths behind our respondents' experiences, given that we intended to construct meaning out of these experiences, without sacrificing the analytical meaning (Gubrium & Holstein, 2002) of what our participants referred to. At the beginning of this study, one of the authors attained formal ethical permission from his/her university to conduct the interview. Another author used his/her personal and professional network in the negotiation process of accessing the interviewees. All names of the participants and their locational identities have been disguised to maintain confidentiality.

4.2. Data analysis

The focus of our study is to explore suitable governance structures for farm family businesses in Australia from the perspectives of family farm investment advisors and farms. Being more diverse than their non-family business counterparts (Nordqvist, Hall, & Melin, 2009) and being highly heterogeneous in themselves (Melin & Nordqvist, 2007), we applied an in-depth interview approach to gain more profound insights and to capture the complex and dynamic organizational reality of family businesses (Nordqvist et al., 2009; Sharma, 2004). Following the interpretative approach in which understanding something means seeing something (Denzin, 2001), we used a naturalistic

abduction view (Alvesson & Sköldberg, 2009; Suddaby, 2006) to situate our empirical position. We were inductive throughout every stage of our data analysis, given that we interacted with the data back and forth to obtain the embedded meaning (Glaser & Strauss, 2009) of categories, patterns, and themes (Patton, 1990).

Our data analysis techniques to find the themes fell under the six-phase framework prescribed by Braun and Clarke (2006), which is very close to the framework suggested by Marshall and Rossman (2014). In the first phase, we read the data repeatedly and thoroughly to familiarize ourselves with them. Second, we generated initial codes by being very open to the data (Strauss & Corbin, 1998) and used *in vivo coding* (Ryan & Bernard, 2003) to understand the meaning of the data in the participants' language. Third, we attempted to categorize the initial codes to generate potential themes. In this phase, we refined the initial categories and themes into inductive categories and themes through sensitizing concepts (Bulmer, 1979) and started to be more analytical by ideally classifying categories and themes (Patton, 1999). In doing so, we did not force the data to fit into a category or theme of our choice but, rather, portrayed a better picture of our participants' opinions cohesively by protecting their originality. During the fourth stage of reviewing the themes, we checked extracts under each theme and category to confirm that the themes were internally homogeneous (Patton, 1990) and determined that the selected themes be distinctive to ensure the external heterogenetic nature of the themes (Patton, 1990) Fifth, we revised the names and numbers of the themes, and finally, we produced the report of our data.

The interviews covered specific areas: the limitations of current farm financing models; the benefits of off-farm equity in farm businesses; the sources of off-farm equity; different equity structures; farms' preferences for off-farm equity providers; off-farm equity providers' preferences for farm businesses; governance requirements for family farms; family farms' management requirements; family farms' reporting issues; family farms' decision-making process; family farms' ownership and control issues; exit issues for family farms; and external investors' say about all of these issues. Only some selective segments of the interview data related to off-farm equity investment model, farm governance, boards, reporting, and conflicts have been visited and revisited back and forth both manually and automatically to collate the related codes in separate nodes,

concept maps, mind maps, and spreadsheets. In this paper, we wanted to explore the governance and reporting issues that may motivate external investors to invest equity capital in family farms. We coded the transcripts using the splitting and lumping coding technique via a text management and analysis software, NVivo Pro 11. For a more accurate coding outcome produced in NVivo 11, we generated another automatic concept (code) sheet by using another text analysis software, Leximancer, 4. The researchers sat together to reach an understanding and to make sense of shared and contrasting themes and patterns in the data.

5. Findings

The study aimed to explore institutionalised governance structures for family farms to construct partnerships with off-farm investors. More specifically, as part of the institutionalised governance structure, we wanted to understand the governance process, the board and the reporting practices for family farms to access equity capital from external investors. An inductive thematic analysis of the semi-structured interviews with farms and farm investment advisors identified three governance themes with associated sub-themes: governance culture, governance alignment, and governance structure that family farms adopt in the off-farm equity capital accessing process. There were some variations and overlaps in the participants' responses regarding governance processes and practices of family farms. We selected three themes and the related sub-themes that were dominant in the discussions and were in line with the research question of this paper. In the following section, we detail each of the three themes and their subthemes with supporting quotes.

5.1.Theme one: The governance culture

overall, most of the participants of two panels talked about the governance culture as one of the key areas that family farms can address before adopting any formal or informal governance structure. From our participants' views, we incorporated three relevant issues under this theme: getting ready to change, developing business capabilities and engaging with professional advisors, to develop a governance culture at the farm level. We discuss these sub-themes of theme one in the following section.

5.1.1. Ready to change

Family farms wishing to access off-farm equity capital may show a serious commitment to change their traditional family business model. Almost all participants felt that most Australian family farms were emotionally attached to their farms and that their business and family transactions were intertwined. The participants consistently considered that family farms might change their current trajectories, have a positive mindset and open attitude and be transparent in each of their transactions if they wanted to access off-farm equity capital. For example, one participant noted: "*You have to strip all that family bias out of it and take it back to a more clinical, [and need to show] here is the balance sheet; here is the profit and loss A/c; here is what we think; and here is how we consider it"* (Panel A). Other interviewees also said that the best family farms, which had already been successful in obtaining off-farm equity converted their family style of business into a business paradigm: "*the best farming operations in Australia are the corporate families – the big families who already take the emotion out"* (Panel A). Another successful farm noted it changed its mindset once it had decided to obtain equity capital: *"we just want to forget about it (family emotion) and go back to what we do, and we decided at that stage we were going to proceed"* (Panel B).

5.1.2. Capability and communication

In creating a governance culture, family farms also can enhance their business capability and improve communication with potential equity investors. The participants argued that constructing reliable evidence for the business case of the farms' project might ensure their capability among the investment community, given that investors do not rely on any blind project idea. For instance, one of the participants *noted: "Farms need to be able to demonstrate their track record rather than say: 'I am a good operator'"* (Panel A). Additionally**,** developing constant communication, either formal or informal, with potential equity investors can transmit farms' intentions and passion for governance. One of the participants suggested: "*At least once a year sit down and literally have an entire strategic day about where you are going, what next year is, what your budgets look like, how are we on track, how are we going to deploy capital, are we changing our commodity strategy"* (Panel A). This

communication helps educate investors regarding family farms' business and strategies.

5.1.3. Engaging professional advisors

During the change and capability development process for farm governance, family farms generally prepare some documents and ensure some benchmarking governance elements. We found a list of documents in our data that family farms may prepare for the equity accessing journey: the business plan, financial reporting, forecasting, the information memorandum, the board structure, ownership, and the control mechanism and exit plan. Most farms find it challenging to prepare these documents due to their financial illiteracy. To that end, farms need to employ professional advisors, either external or internal, to develop their knowledge and skills. Regarding external advisors, one participant noted: "*They [farms] must acknowledge the professional advisors as aid and should ask for [their] help where their [farms'] capabilities stop"* (Panel A). Moreover, external investors also wanted sound managers outside of family farms to ensure their fair share in the equity deal: "*They [investors] were happy for an external company to be the actual manager of the project"* (panel A). Another participant argued that internal advisors could help farms prepare basic documentation, such as the information memorandum, whereas external corporate advisors helped authenticate it: "*We have always used an internal advisory in our business. With his help, we established our information memorandum. We took that to the corporate advisory market"* (Panel B).

In summary, the interview participants in both panels seemed to suggest that all family farms are wishing to access off-farm equity capital m self-determination for change, increase their skills and take advice from farm advisors. This transformation creates a positive image in the market for family farms and prepares family farms for the next stages of governance.

5.2.Theme Two: The governance alignment

The interview participants were nearly unanimous on the importance of aligning the underlying issues of farms' governance structure. Their opinions revolved around identifying the confronting governance issues that may emerge from the disparity between family farms' and equity investors' expectations equity deals. The

data also suggested that goal disparity arises from the future goal directions, the dynamics of equity models and the nature of family farms. During the alignment stage, the governance foundation is laid to determine the future governance direction of farms and to avoid any potential disputes that may arise at any stage of the equity deal. The interviewees indicated that family farms tend to tackle three important issues at this stage: documentation, equity arrangements and investor types, and control as well as conflict.

5.2.1. Documentation

The family farm governance framework for off-farm equity is expected to have a clear form of direction and role clarity at the very beginning through proper documentation. Participants emphasized that it is important to determine upfront the challenging issues among farms' key stakeholders for the smooth functioning of the governance framework. The data also indicated that the participants in both panels considered the shareholder agreement to be one of the key documents to prepare upfront to clarify the different aspects of farms' governance. Thus, the shareholder agreement could be in place well ahead of governance journey. One of the participants noted: "---*and set up in a shareholders' agreement, so everyone is clear about what, what his or her respective roles are"* (Panel A). Analysis of the interviews (Panel: A) showed up the following elements of the shareholder agreement: the strategic plan, the board rules, the foundation for the board, the decision-making boundary, the voting mechanism, the reporting contents and frequency, the asset buying and selling strategy, human resource policies, ownership, shareholder rights, control and conflict, contingency events, and exit options.

One of the significant benefits of having a shareholder agreement, as part of governance, that was noted by the participants was to avoid any future conflicts. The participants from panel B were also unanimous in fixing future issues by constructing documents such as the shareholder agreement. One of the successful farms of this group noted other documents that it felt important: the security holder agreement, subscription agreements, the executive employment contract, the land sales contract, a delegation of authority, limitations of authority, and distribution deeds, to satisfy equity partners.

5.2.2. Equity arrangements and investor types

In addition to documenting underlying governance matters, family farms can gather knowledge regarding the equity suppliers and related equity arrangements to design a better governance structure. For the participants, knowing the equity arrangements meant knowing different issues: "the equity structure, equity investors' sources, equity sizes, the duration to wait or to exit in the investment, risk and return preferences and underlying assets." The participants were unanimous in the view that the equity arrangements in the Australian family farm industry differed mainly from three sources: "the equity structure, equity sizes, and equity sources." For example, one of the participants noted: "I *guess each investor is a little bit different"* (Panel A). According to the participants in Panel A, the different types of off-farm equity models that are currently used in the Australian off-farm equity market include: "Co-investment, the joint venture, the equity partnership, sales, and leaseback, own operate, offtake equity and passive equity." The analysis of the interviews indicated that every model was unique in its characteristics and required a separate governance structure. Farms tend to take the model that fits their choices and brings the necessary elements into their governance framework.

We found that the co-investment model was one of the emerging equity models in which farms and investors co-own the farm, ensuring the ownership skin for both parties. One of the interviewees noted: "*Co-investment structure gives you (farming families) an ability to create a ring fence type of structure where farming families do not need to sell everything up to unwind it and the investor can own some of the assets and participate on their own or can have capital gain and 100% of the benefit of the gain of those assets"* (Panel A). However, there was an opinion in the interviews that no equity model can be treated as the best or the worst because the "*Their [investors] requirements are different, so if an investor A might be in, say, a leaseback, investor B might be in a direct own and operate, and it's not to say that any is better or worse"* (Panel A). Among the participants in panel B, we found a mixture of preferences for the equity model. For example, one farm preferred a 50-50 joint venture model; another farm opted for a 50-50 equity partnership, a third intended to pursue a passive equity contract, whereas another farm liked the off-take equity agreement. One

participant shared: "*Our preference would be to attract an investor who can deliver something in addition to cash such as a large breeding program, someone who requires considerable off-take and can open up distribution networks for us"* (Panel B).

Equity investors' sources also matter in upfront governance issues because the investors' country of origin determines the level of sophistication of farms' governance requirements. The interviewees expressed different experiences about the sophistication level of various investors originating from various parts of the world. In the interviews, we found that investors, institutional investors, in particular, from North America, Canada, and the US, and European investors were highly sophisticated because they ensure due diligence and, accordingly, want good governance practices at the farm level. One interviewee noted: "*US institutions or Swiss institutions show a more professional approach to investment"* (Panel A). In turn, another interviewee said that Asian investors (China and Singapore) were believed to be short-term oriented and less sophisticated, "*You would say that Asian investors, as a rule, are not as sophisticated as the other investors"* (Panel A*).*

The analysis of the data also informed us about different types of investors in Australian family farming: institutional, corporate, private equity, fund managers, and high-net-worth individual investors. In the data, we further observed that, of these investors, institutional investors intended to invest a large volume of capital for a longer period to maximize their return and to diversify their portfolio. One interviewee from Panel A noted: "*The reality is that for most of us at the institutional level, for it to be attractive enough, they (farms) have to be actually very large numbers as they [institutional investors] look for a scale of $80-$150 million and these guys are talking 30- to 40-year investment time horizons, as well, so they understand long-term agricultural trends, they are investing in agricultural assets globally and that is actually good, patient capital"* (Panel A). In contrast, most participants in panel B wished to engage with an off-farm equity partner to access a larger amount of capital to enhance their scale, *"[the] only real way to raise a significant amount of additional capital was through a capital (institutional) raise type arrangement"* (Panel B).

5.2.3. Control and conflicts

In addition to appraising equity arrangements and investor types, farms and investors may align their controlling and conflicting expectations of the off-farm equity deal. In the data, we observed that farms preferred two types of control: traditional control and win-win control. Two of the farm participants (Panel B) argued in favor of keeping very traditional, meaning that all types of control would be completely under the family farm. Family farms were ready to take a small scale of off-farm equity capital to avoid giving total control to equity providers *"One thing that's important to us [farm] is not handing over, not wanting to issue too much equity so that we then lose control over our operations. So, clearly, our operations, it is worth a certain amount of money. We do not want to go off and buy, have someone give us one hundred million dollars to go on and buy a series of assets that means that we become a minority shareholder in something that we do not control"* (Panel B).

On the other hand, another two farm participants (Panel B) wanted a balanced position in controlling aspects of the farm business. Their views suggested that it is necessary to sacrifice a fair share of their farms' control to motivate equity investors to come to equity terms, "*If we [farms] go in and put money into this company and then we just take all the control out of the company and take all the control for ourselves, then we are not going to engage our partner".*

Having addressed the controlling aspects, farms and investors can work on aligning those issues for which there might be conflict in the equity deal. The participants noted some farm-specific factors, such as the possible exit plan of farms, farms' expected period of the off-farm equity deal and the farms' generational conflict as potential factors of conflicts. If farms embrace external capital for a quick exit from the business forever by selling the business, then ownership does not matter to the farm, "*It depends, there are some who want to exit*" (Panel A). On the other hand, if farms want to stay in business, structuring the ownership structure has real significance, "*But if they want to stay, yes, then there are situations where they want to keep the ownership of it, and that is how they structure[it] in a shareholding agreement. So, it actually depends on the issue"* (Panel A). Appendix 5 represents more quotes on control and conflict aspects of governance.

One of the participants noted that the farm's generational conflict shapes the farm ownership structure if the off-farm equity is taken for a longer period. The next generation may not come to the same opinion as the current generation, or it will replace the current generation, "*If you are talking about a 35-year investment horizon, you could be talking about one-and-a-half generations of custodians running that asset, and often, it is difficult to obtain that alignment between one generation and the next generation within the family"* (Panel A). However, we found no unique preferences for control and conflicts. According to our data, the controlling and conflicts resolution is actually determined mainly on a deal-to-deal basis because farms are very diverse: *"I think we are talking about 350-odd-thousand family farming operations, and everybody is so completely different"* (Panel A).

5.3.Theme three: Board and reporting practices

The third governance theme that we identified was shaping the governance structure with suitable board elements and reporting strategies. This theme encompassed the participants' perceptions of the family farms' governance shape within their formal and informal board. Reporting transparent financial and non-financial farm information to external investors was identified as another aspect of this theme. The participants' views regarding these two elements are described below.

5.3.1. Board formalization and flexibility

One pattern on the board of farms was that large family farms might construct a formal board with diversified and skilled members while they prepared to obtain capital from large and scaled external institutional or corporate equity investors: *"We often see the board-type creation where you have institutional or large sophisticated investment participants*" (Panel A). These investors preferred a formal board structure because they were highly disciplined and practiced internal due diligence mechanisms; one of the participants felt: "*More and more institutions are looking to bring that management in-house"* (Panel A).

The participants also suggested the membership criteria of directors and other members of the formal board. For example, three participants (Panel A) mentioned to include independent directors on the board along with the CEO and the CFO, "*A*

formal Board with independent directors with the accounts audited, it has got a CEO, a CFO." Interestingly, another participant (Panel A) expressed concern regarding the tempo and integrity of board independence in Australian family farms, "*there is one family in five years that I have come across where they actually already have a board in place that's two independent directors, although I do sort of question the independence in my own mind*" (Panel A*).* However, there was also, in a limited number of case, a sense of flexibility in the board structure for institutional and corporate investors. As one advisor put it, *"with the large institutional investors, they are always going to want that board (formal) structure; its flexibility will depend on the size of the agricultural project and the intensity of it"* (Panel A*).*

In contrast to the formal board, the other pattern around board structure observed in the data was an informal board under various names, such as "external board, strategic board, advisory committee, mid-tier board, operational board, industry facilitator and professional advisors." This flexibility in the board structure was influenced by investors and farms. Private investors, for instance, high-net-worth individual investors and family office investors, did not look for a formal board: "*With private investors and family offices and stuff, you do not actually see the board structure"* (Panel A)**.** Many participants argued that a formal or full-time paid board was not highly likely and, sometimes, was not necessary for a small or mid-sized family farm due to the smaller transaction size and lower level of complexity in the transaction. As one of the participants noted: "*In the smaller co-investment opportunities, so, in the midrange, and the midrange is sort of approximately the 10 million to 50 million brackets, I do not know that a board is necessary; what I think is very effective is the external advisory board"* (Panel A).

Another participant considered a mid-tier board to be more realistic for mid-range family farms, rather than formal boards: *"I think that might be more valuable in the mid-tier than a truly formal board structure because the mid-tier is still fairly simplistic as far as a management structure goes*" (Panel A). Some believed external investors were looking for some room on the board by any of the available means: including an independent advisor or a third-party advisor or, at least, an industry facilitator to work on investors' behalf, "*They dictate who sits on the board from their*

side. They very often have representatives on the board and or third-party advisors" (Panel A)

The participants also indicated that non-executive directors and professional advisors with agricultural industry knowledge were the most eligible members to include in the informal board. The informal board should strive to develop and execute the farm business strategy, to align the interests of farms and investors, to protect capital, to tap into farm business opportunities and to bridge the farm-investor communication gap. This was echoed in one advisor participant's opinion, "*Their [professional advisors] role is definitely to help develop the strategy between the investor and the farmer, and they actually should be experienced people who can add a considerable amount of value to the strategy"* (Panel A). However, most of the farm participants (Panel B) were in favor of keeping the board informal, flexible and simple. For example, one participant noted: "*When we raised capital, we remained nimble and an effective functioning business, not a top-heavy board decision-making-type process-driven business*" (Panel B). Other forms of informal boards that the farm participants noted included: "*The collaborative board, the joint board, and the informal communication platform*" (Panel B). Another interesting board variant noted by one participant was the purely family-dominated board, "*My preference is to not have independent or external board members because, you know, I guess we would prefer to be running our operations ourselves without having to have decisions made with third parties"* (Panel B).

5.3.2. Reporting complexity and simplicity

Similar to board formalization, the participants also commented that institutional and corporate investors wanted more complex, detailed financial reporting. By complex reporting, the aggregate analysis of our findings informed us of some reporting constructs: real-time reporting, approximately ten years of historical profits, audited financial statements, preferably semi-annual, benchmarking accounting data, managerial and strategic reporting, financial metrics, and commodities. Institutional equity investors want a clear idea of farms' profitability through a historical track record at the very beginning, "*Institutional investors and even some of the corporates want to have a look at consolidated financial records*

covering 5-10 years" (Panel A). Another participant noted that institutional investors also want real-time financial information, "*I think that transparent real-time reporting will become a straightforward requirement of wholesale institutional investment in agriculture"* (Panel A). Quarterly or monthly financial statements were another reporting tool, as suggested by one of the participants: *"I do not see quarterly reporting in the investment structure unless you are in the institutional end and you have got a board structure and a more corporatized structure"* (Panel A).

Another view of reporting, as suggested by the participants, was simple types of reporting. By simple reporting, our interviewees referred to a simple business plan, informal communication, a financial picture of the investment case and less rigid (frequent) financial statements. The participants recommended simple reporting in a smaller or medium-sized equity deal, *"There might be the reporting of profit and loss once a year in a smaller and middle-low-tier investment structure but not the balance sheet"* (Panel A). Another participant emphasized following the more common styles of reporting that were already in existence in the farming industry, "*Just providing half-yearly or annual management figures and then accountancy sort of reports for the annual tax, that would be common*" (Panel A). Thus, the participants stressed keeping the reporting protocol simple, especially when small farms and private investors are in the deal. Even large farms and institutional investors also needed some informal reporting through continuous communication in addition to formal reporting. Appendix 4 represents more quotes on board and reporting aspects of family farm governance

6. Discussion

This paper explores the governance process and practices for family farms wishing to access off-farm equity capital by using semi-structured interviews with family farms owners and family farm investment advisors. Our overall findings draw attention to the process, practices, and pressures of the family farm governance framework. We have identified three themes: creating the governance culture, aligning the governance issues and shaping the governance structure, and eight associated subthemes from our study. We interpret these themes from an institutional theory perspective. The dynamics of this theory have implications for adopting formal and

informal processes and practices for any unit of organization. Moreover, although not empirically tested in our study, we consider off-farm investors as well as farm investment advisors as isomorphic background institutions that appeared to exert indirect normative pressures on the family and farms' governance process and practices. This section explains how institutional theory relates to the governance processes, practices, and pressures in this study.

6.1.Processual view of governance: Institutionalization of family farms

Institutional theory advocates adopting some distinct process, strategies, schemas, and outlooks derived from social interaction and the environment in which the organization operates (Selznick, 1996). An organization becomes institutionalized if it attempts to adopt some special characteristics, to achieve distinct skills, and to obtain training and competencies (Selznick, 2011). Several institutional theorists (Tolbert & Zucker, 1999, 1983; Ritti & Silver, 1986; DiMaggio, 1982; Berger & Luckmann,1967) suggest different institutionalization processes for organizations. In this study, we incorporate Tolbert and Zucker's (1999) conceptualization of three stages of a sequential institutional process: habitualization, objectification, and sedimentation, to guide family farms to change their traditional processes in the governance journey. We categorize the first theme and associated sub-themes of our study as the transformational stage of family farms' institutionalization process, whereas the second theme and respective sub-themes have been marked as a foundational stage. Finally, the intensification stage has been related to theme three and its relevant sub-themes. All of the sub-themes under each theme are considered as practices that family farms can consider in the family farm governance framework. Figure 1 shows this conceptualization of our research.

6.1.1. Transformational stage

Following the institutionalization process of Tolbert and Zucker (1999), we compare our transformational stage of the family farms governance process with the habitualization stage, the first stage of the institutionalization process of Tolbert and Zucker (1999). During this stage, data demonstrated to us the practices that family farms undertake. We have summarized that practices in Figure 1. Regarding the associated practices at this stage, family farms are expected to familiarize themselves with the different aspects of governance as part of the institutionalization process (Quinn, 1988).

Findings confirmed to us that farms are required to frame positive attitudes towards changing their traditional family farm business practices and adopt new practices (Selznick, 1996) driven by the demands of equity investors. Family farms may also establish some arrangements, policies, and procedures (Tolbert & Zucker, 1999) to make these changes useful. Farms may search for the best alternative solution to their governance problems that are technically and economically viable (Leblebici, Salancik, Copay, & King, 1991; Anderson & Tushman, 1990) or adopt any tailored suggestions developed by others (Dimaggio & Powell, 1983), for example, a professional farm advisor.

Figure 1: Institutionalization process of family farms

Governance Pressures: Farm Investors and Farms Investors as Background Institutions Both farms and farm investment advisors exert indirect normative pressures on family farms to form a governance structure		
Governance process: Three stages of the Institutionalized Governance Structure		
Stage One: Transformational Stage	**Stage 2: Foundational Stage**	**Stage 3: Intensification Stage:**
Governance Practices: Practices Associated with Three Stages		
1. *Creating Governance Culture* • Being ready to change • Establishing capability and communication • Engaging with professional advisors	**2. *Aligning Governance Issues*** • Becoming documented • Knowing equity arrangements and investors • Organizing the control and conflicting aspects	**3. *Structuring Governance Elements*** • Developing a formal and informal board structure based on an equity deal • Adopting complex and simple reporting practices

Governance stages of family farms based on (Tolbert & Zucker, 1999)

This phase is only the beginning of making family farms an effective unit of organization. This process of converting family farms into an effective organization supports the view of other researchers (Powell, 2003; Steier, 1998; Stinchcombe, 1997; Sahlman, 1990; Bradach & Eccles, 1989; Williamson, 2007; Williamson, 1973; Coase, 1937) who identify creating governance as one of the pivotal tasks of any organizational system. In creating the governance culture, in line with other research, we also argue that family farms can enhance the governance culture by increasing their learning capacity through coaching and consulting (Schein, 1996), as well as conducting a cultural audit to

examine the tone of farms and to identify the farms' areas of improvement (Castellano & Lightle, 2005).

6.1.2. Foundational stage

When family farms create a governance culture and friendly environment, they enter the second stage of the governance process, in which farms address the issues that might affect their governance process in the future. The different associated practices that family farms can acquire are shown in Figure 1, which is based on our findings. In line with the objectification stage of Tolbert and Zucker (1999), during this stage, family farms, in our case, may collect and document the associated information from different sources to assess the potential threats to their governance mechanism. In doing so, before shaping any governance structure, it is significantly important for family farms to reach a consensus with off-farm investors through proper negotiation documentation, for example, the shareholder agreement. Negotiation can be defined as: *"*a process of potentially opportunistic interaction by which two or more parties, with some apparent conflict, seek to do better through jointly decided action than they could otherwise*"* (Lax & James, 1986,p.11). In the negotiation process of equity collection, our interpretation from the findings that family farms might consider an integrative negotiation strategy (Pruitt & Carnevale, 1993; Thomas, 1992), which focuses on creating moderate values for each party involved in the contract (in this case, family farms and off-farm investors). This type of negotiation can also create a compromising attitude among the partners, farms, and investors, as it tends to concentrate on the dual concerns of the partners (Rubin, Pruitt, & Kim, 1994; Pruitt & Carnevale, 1993). Previous research has also linked governance with negotiation (Cohen, 2008; Ness & Haugland, 2005; Lewicki & Litterer, 1985).

In obtaining the maximum value from negotiation, family farms may get the understanding of the expectations of off-farm equity investors, the level of control that family farms want to have and the conflicting issues that may arise in the equity deal. Our findings indicate that both of these key stakeholders, farms, and investors, of the off-farm equity transaction, are heterogeneous. In line with the previous research on the heterogeneity of equity investors (Fernando, Schneible, & Suh, 2013), our research also confirms some sources of investors' heterogeneity stemming from equity arrangements,

equity sizes, sophistication levels, the investment's time horizon, and risk-return expectations. The family farms in our study were also viewed as being diverse regarding their business model, equity expectations, sizes, equity model preferences, and investment time horizon, as well as their level of tolerance for ownership and control. Previous research has further found some sources of family businesses heterogeneity: goal-related heterogeneity (Barnett, Long, & Marler, 2012), governance-related heterogeneity (Arregle, Naldi, Nordqvist, & Hitt, 2012) resource-related heterogeneity (Verbeke & Kano, 2012) and control-related heterogeneity (Chua et al., 2012). Amplifying the various sources of farm and equity investor heterogeneity, however, is beyond the scope of this study. Based on our research, we argue that these sources of heterogeneity, among both farms and investors, have a substantial bearing on selecting suitable governance practices by farms wishing to access off-farm equity capital.

6.1.3. Intensification stage

In stage three of the farm governance process, family farms reach the intensification stage of the governance process, which we believe is similar to the sedimentation level (Tolbert & Zucker, 1999). During this stage, family farms can increase the depth of the institutional structure (Eisenhardt, 1988) by adopting suitable practices. Our findings indicate that no single set of governance practices fits with all sets of equity deals. We concentrated on two governance elements in our findings: the board structures, and the reporting protocols. These governance elements vary by equity deal. Naturally, the board structures and reporting protocols are relative terms among family farms and off-farm investors. The suitability of certain board and reporting structures may vary by family farm business model and by the choices of off-farm investors. Based on our data, we can argue that the key to obtaining equity capital by family farms depends on balancing the formal and informal elements of governance, based on the choices of farms and investors. This aligns with previous studies that have found some formal and informal elements (Villalonga & Amit, 2006) of governance.

Another interpretation of our research is that we have not been able to prescribe a common set of governance and reporting best practices to follow for all sets of family farms wishing to obtain equity. One of the reasons might be that family farms are often entirely different from one another, as noted above, about their business structures, sizes, and equity

model preferences. The other reasons might be related to the investor heterogeneity effects. Investors are also non-homogenous with different equity arrangements, sizes, and levels of sophistication. In such an environment, we cautiously argue that family farms might be better off taking differing configurations of governance shapes according to the spirit of an equifinal under configuration approach of governance (Nordqvist et al., 2014; Fiss, 2007). The configuration approach might allow family farms flexible governance, structuring the opportunity to ensure performance incommensurate with organizational and structural priorities (Meyer, Tsui, & Hinings, 1993) in an environment where differing governance structures are highly likely (Goel, Jussila, & Ikäheimonen, 2014; Carney & Gedajlovic, 2003).

6.2. Case-specific off-farm equity governance scenarios

Taking the above view, in Figure 2, we propose seven possible equity deal scenarios and some associated taxonomies of governance elements based on our findings. Of these seven scenarios, we argue that there is a high possibility that an equity deal will occur in four scenarios: scenario 1 (large farms with institutional investors); scenario 2 (large farms with corporate investors); scenario 5 (medium farms with corporate investors and medium farms with high-net-worth individual investors); and scenario 7 (small farms with corporate investors and small farms with high-net-worth individual investors). In the other three scenarios, shown in Figure 2, we believe that there is less likely that an off-farm equity deal will occur. According to our findings, one of the main reasons for this discrepancy is the different investment size expectations of investors and the different scales of family farms. The data is not extensive enough to provide other possible reasons for these scenarios. With regard to the governance structure, farms' institutional investors would be better off adopting a formal governance structure with a formal board, a higher level of reporting, and a formal exit plan for obtaining equity from institutional investors because these investors are highly sophisticated. On the other hand, for accessing equity from retail investors, a simple governance structure is more likely to be effective because these investors are not as highly sophisticated as institutional investors are (Hirshleifer & Teoh, 2003; Utama & Cready, 1997). Another governance structure that we can propose for family farms is to form an alliance governance structure (Hagen & Choe, 1998) in which farms and

investors can compromise their mutual stakes in each other and can monitor each other's actions.

In summary, by passing through the three stages discussed above, family farms can achieve institutionalization that, in turn, will increase the possibility of family farms' legitimacy, resources and capabilities (Dimaggio & Powell, 1983; Meyer & Rowan, 1977) and minimizes the risk of death of family farms (Oliver, 1991).

Figure 2: Case by case governance and reporting requirements of off-farm equity, authors' interpretation of data

Investor / **Farm**	**Institutional Investors** (Highly sophisticated)	**Corporate Investors** (Moderately sophisticated)	**High-Net-Worth Individual Investors** (Less sophisticated**)**
Large Farms	**Scenario1:** Highly likely of large equity deal: Formal governance and reporting required • Formal board • Formal reporting,	S**cenario2**: Possibility of moderate equity deal • Moderate level of governance.	**Scenario3:** Less likely equity deal • Do not match due to scalability
Medium Farms	**Scenario 4:** Less likely equity deals due to mismatch of scales and other expectations	**Scenario 5:** Possibility of moderate equity deal: Mixed governance: (Formal and informal Governance)	
Small Farms	**Scenario 6:** Less likely equity deals due to mismatch of scales and other expectations	**Scenario 7:** Possibility of small equity deal: Thinking like governance is required	

6.3.Investors and advisors as Background Institution

Institutional isomorphism encourages every unit of organization to become thickly institutionalized (Selznick,1996) and to achieve the status of legitimacy as an institution (Aldrich, 2008). Institutionalists discuss three types of isomorphism in the literature: coercive, mimetic and normative (Scott, 1987; Dimaggio & Powell, 1983). Relying on the conceptualization of two different types of institutions: Background and Proximate institution coined by Calori, Lubatkin, Very, & Veiga (1997) and Whitley (1992), to generate isomorphic pressures, we label investments and farm

investment advisors as background institutions that exert normative pressures on family farms to adopt a governance structure.

Background institutions can exert normative isomorphic pressures on the organization (Calori et al., 1997; Schein, 1985). Normative pressures are passed through to an organization through engagement with professional networks (Mizruchi & Fein, 1999; Dimaggio & Powell, 1983) and the professional training institutions, workshops, seminars and professional trade magazines (Galaskiewicz & Wasserman, 1989; Galaskiewicz, 1985). Although no direct influence of normative pressure through off-farm investors and off-farm equity capital was demonstrated in our research, we argue that an indirect influence of normative pressure can stem from these two groups. Indirect normative pressure can come from off-farm investors through reliance on equity providers for long-term capital, in which the family farms' reliance on expert knowledge and business, as well as financial and managerial skills, may generate indirect normative pressures. After becoming successfully institutionalized, family farms ensure legitimacy and a governance structure.

Previous research has also identified different institutions in the context of family businesses research using institutional theory. The family and the business are the two overlapping institutions, and each is run based on different rules and norms that influence their decision making and behaviors (Ward, 2011; Sandig, 2004; Gersick, 1997; Tagiuri & Davis, 1992; Lansberg, 1983). These two streams of institutions have opposing views because each of them has distinctive expectations of the other (Schuman, Stutz, & Ward, 2010; Kraatz & Block, 2008). The three-circle family business model is composed of the family, the business, and ownership (Gersick, 1997; Tagiuri & Davis, 1992), which may also be considered three separate institutions in the institutional process in the family business context (Melin & Nordqvist, 2007) that then also create isomorphic pressures. Each of these three institutions, again, has different attributes stemming from different ownership structures, different sizes, various generations of ownership and management, different industry orientations, different trajectories, and various level of family involvement in management (Aldrich & Cliff, 2003; Miller & Le Breton-Miller, 2006; Sharma, 2004).

7. Contributions and practical implications

This research contributes to the broader area of the private family businesses literature in several ways. *First,* it adds new evidence to the governance and reporting literature on private family businesses (in this case, family farms). Our findings demonstrate that the governance process, board structure and reporting structure of family farms enable them to construct an equity partnership with off-farm investors. *Second,* this study enriches the family farm and agribusinesses finance literature through the different off-farm equity deals revealed by our findings. Family farms that are interested in off-farm equity will be able to select the right equity option based on their position. *Finally,* we have addressed the call by Dodson (1992) to develop a suitable institutional framework for family farms to unite farms and investors for an equity market deal to occur. In this institutional process, our research cautiously treats equity investors and farm investment advisors as normative isomorphic forces. As normative forces, investors and advisors might expect broader sets of norms from family farms that may increase family farms' identity. However, constructing this identity is complex and reciprocal (Greenwood et al., 2017).

Furthermore, our study has substantial implications for family farms, equity investors, farms, and agribusiness investment advisors and farm policymakers. Family farms that need true patient capital become aware of the diversity of equity arrangements, whereas equity investors also become knowledgeable about the farms' level of tolerance for external parties. Because they play a key role in matching the right farms with the right investors, advisors can make a more informed decision in addressing farm's financing problems.

8. Limitations and further research

Although our study provides new perspectives on family farm governance to attract off-farm equity capital to family farms, we acknowledge some limitations that create opportunities for further research. One of the main limitations of our study is that our data did not sufficiently help us identify the specific governance elements of each equity model based on the preferences of farms and equity investor sizes. We encourage other researchers to explore the good governance practices of each equity model and to populate the governance choices of both farms and investors. Second, we mainly

depended on the views of family farms and farming industry advisors to extract governance structures that were convincing to off-farm investors. However, there is another avenue for further research, which involves including external investors as another source of data. Third, our findings are subject to constraints regarding their generalizability, given that we are uncertain how our findings may apply to other farming industry settings in which the off-farm equity investor base is strong. Research in some other comparable economies can also be conducted. Third, we have conducted interviews with farm owners who had either already accessed equity or were in the process of equity. Research that includes family farms that are not yet in the equity process can be conducted to gain more insights. Finally, our interview participants were small in size: four farm owners and 14 farm professional advisors. Future researchers can also take this limitation as an opportunity to extend our works.

9. Conclusion

Our study explores the governance processes and practices for family farms wishing to access off-farm equity capital. We have found that family farms may adopt a systematic process to adopt a governance framework. We have argued that family farms can pass through three sequential stages: creating a governance culture and environment, aligning governance-challenging issues and accepting suitable governance elements. Family farms wishing to access off-farm equity can create a governance-friendly culture in the very first stage. Then, they address all future issues, know about the attributes of equity providers and be aware of farms' choices for aligning their governance. During the final stage, family farms implement their choice by selecting the right governance elements. Our study further suggests that a "one size fits all" governance framework may not be suitable for every type of family farm and every type of farm equity investor owing to the diversity of farms and investors. Our study suggests that larger groups of farms may adopt a formal governance structure, and sophisticated reporting protocols if they want to access off-farm equity from institutional and corporate investors whereas middle-sized and small farms can develop informal governance if they would like to access equity from private retail investors. Overall, our study suggests that family farms pay due attention to their governance structure in line with their abilities and investors' preferences if they want to access off-farm equity

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CHAPTER FIVE: CONCLUSIONS

Summary, Contribution, Legitimization, and Future Research Agenda

1. Background, motivation, and importance

I began this thesis with five main observations in the literature. First, I observed one stream of literature that sketched the transition of the bank-based subsidised farm credit regime to the market-based regime (Ouma, 2016), as well as to the post neoliberalism era (Botterill, 2016; Lawrence & Campbell, 2014; Argent, 2000). This transition was the outcome of structural changes in the farm and agricultural industry, which induced farm businesses to establish a financing partnership with off-farm investors. Second, I noticed a growing body of literature, especially in the context of the US and New Zealand, which suggested that bank-based financing models have some limitations in meeting the capital needs of farming industry and off-farm equity capital can be one of the best alternatives for family farm businesses. Off-farm equity capital provides farm businesses a larger amount of capital to finance the projects with longer-term duration, and it escalates the scale of farm businesses at no additional financial risk (Mondelli, 2011, Barry, Ellinger, Hopkin & Baker, 2000).

Third, despite ample benefits of off-farm equity to both family farms and off-farm investors (Mondelli, 2012, 2011; Wang, Leatham, & Chaisantikulawat, 2002; Barry & Robinson,2001), another body of evidence suggested that family farms and off-farm investors often find it difficult to engage in off-farm equity arrangements due to an absence of any common institutional ground and arrangements to minimise the informational asymmetries and moral hazard problems among farms and off-farm investors (Wang, Leatham, & Chaisantikulawat, 2002; Barry & Robinson,2001; Dodson,1994). Fourth, I also found various categories of investment models and institutional arrangements under which external equity capital in farm businesses are used. Notable invest models include: own-operate model; own-lease, and lease operating model (Sippel, Larder, & Lawrence, 2017; Magnan,2015, Burch & Lawrence, 2013); while institutional arrangements include agricultural trust fund and investor-oriented corporate structure model (Chaddad, Senesi, Vilella & Palau, 2009); direct ownership, partnership, and direct ownership under corporation (Barry &Robinson,2001; Dodson,1994). Fifth, much less empirical academic evidence and

growing body of anecdotal research are known in Australian approach off-farm equity capital. However, a growing body of anecdotal research, such as, Heath & Tomlinson (2016); Cotter, Rochecouste, & Mohsin, (2016); Alexander, (2015); Agrifood Skills Australia, (2015); KPMG, (2015); Tomilson, (2014); ANZ, (2014); Commonwealth of Australia, (2014); PPB, (2014); and Clark et al., (2014) showed the emergence of off-farm equity partnership.

These anecdotal evidences imply that off-farm equity usages in Australian family farming is gradually moving forward but off-farm investors are less motivated for investing equity capital due to farms' poor investability, vogue management style, poor information infrastructure, immature financial governance and concentrated ownership structure, poor level of farms' reporting, cultural disparity, goal ambiguity , lack of off-farm equity market liquidity, lack of asset managers and lack of suitable products. Nevertheless, the much empirical evidence is needed in the contexts of off-farm equity capital in the family farm business. The academic understanding of how family farms can successfully shift their traditional financing strategies towards off-farm equity is still very limited. To better understand the institutional mechanisms that are necessary to make this shift, my thesis uses a set of institutional theoretical perspectives: institutional logics, institutional path dependence, and path creation, as well as the theory institutionalization process.

Findings and theoretical linkages of the present research suggest at least five important aspects of my thesis. First, it facilitates understanding and knowing the views of each partner, family farms and off-farm investors, in an off-farm equity partnership, that may be regarded as one of the key pillars in laying down the foundation of off-farm equity arrangement. Second, this thesis presents an off-farm equity process, as outlined in Paper 2, that family farms may adapt to shift their traditional path of financing towards off-farm equity. Third, family farms would be in a better position in institutionalising their naïve governance structures and reporting practices, as demonstrated in Paper 3, to attract off-farm investors in off-farm equity investment. Fourth, this research is equally significant to Australian and another country context of the family farm business, because family farms around the globe need to access long-term capital to intensify and to expand their growth trajectories

(Hazell, Poulton, Wiggins, & Dorward 2010). In Australia, as at 2013, more than 95% of all farms were under family farm model (Commonwealth of Australia, 2013) and thy are at currently at crossroads with their 100 years old bank-based model to meet their long-term and working capital shortages. Family farms have a bearing on the global economy as around 90 % of total farms are family dominant around the world (FAO, 2014). Fifth, the empirical evidence and theoretical explanation presented in this research will help academicians and policymakers to use the implications and practical application of the issues unpacked in this thesis relating to off-farm equity.

2. Research questions

Off-farm equity capital is a relatively less accessed means of financing in the context of family farms, all over the world, except in some advanced economies such as the US, Canada, and New Zealand. The institutional arrangements facilitating the access to this capital has also not been inclusive and less explored. On the other hand, off-farm equity-financing in farm businesses is not a new idea. Scholars in farm financing and agriculture, acknowledge off-farm equity as more efficient and innovative than traditional financing models based on debt and internal equity. Off-farm equity capital can be effective in minimising the weaknesses of traditional mixes of financing and in scaling up family farms' size and growth. Ironically, this form of financing has not been used in the Australian family farming industry, the empirical setting of this thesis, to its full potential. Despite the recent trends of off-farm equity capital in Australian family farming industry, the questions remain unanswered in the academic literature as to why off-farm equity has not been used to a more considerable extent in Australian family farms. More importantly, extant literature informs us less how family farms can shift their traditional financing strategies towards an innovative one, off-farm equity capital. Hence, this thesis has attempted to fill this gap.

Securing off-farm equity arrangements in family farm contexts is complicated as it is complicated to bring two different partners- farms and off-farm investors- in equilibrium. The main aim of this thesis was to explore how family farms can shift their traditional financing model into an innovative one, off-farm equity, in this case. To achieve this main aim, this thesis has attempted to address three main research questions: (1) why do family farms and off-farm investors differ in their logics and

how can these competing logics be managed?; (2) why and how can family farms break their traditional financing path to access off-farm equity, and how can the path creation constitute to the farms' investment readiness process?; and (3) how can family farms institutionalise their governance structure to access off-farm equity. To address these three central research questions in three empirical papers, this study explores six objectives:

i. examining the competing logics of family farms and off-farm equity investors (Paper 1);
ii. identifying the practices through which these competing logics can be managed (Paper 1);
iii. understanding why family farms access off-farm equity (Paper 2);
iv. knowing how family farms access to off-farm equity (Paper 2);
v. investigating the institutionalization process family farms use for accessing off-farm equity (Paper 3); and
vi. exploring the governance and reporting practices for family farms to access off-farm equity (Paper 3).

3. Research summary of empirical chapters (Three papers)

Chapter 2, (Paper 1), of this thesis, has attempted to answer two questions: (1) why family farms and off-farm investors differ in their logics in off-farm equity arrangement and (2) how these logics can be managed. Based on farm advisors' views, this paper found eight dichotomous pairs of logics because of which off-farm equity capital suppliers (off-farm investors) and off-farm equity capital users (farms) were less likely to build off-farm equity deals. These logics portray two different stances from two different actors' perspectives to off-farm equity capital: family farms and off-farm investors. Family farms, on the one hand, are emotional with a protectionist view. They tend to stick to generational practices of doing business even though they struggle with lower scale and poor financial knowledge. Key motivations for engaging off-farm equity from their perspective is to minimise costs and maximise operating efficiency diversifying their business portfolio. Investors, on the hand, prefer professional management of their capital for a certain period, which will ensure expected operating and capital returns. Investors appreciate a commercial approach to business that encompasses the businesses case for investment and provides scope for scale investment. The focal points of investors' decisions are maximizing output efficiency and capital and divesting investment at the point of exit.

While family farms and investors contradict each other, owing to competing perspectives, findings suggest two major practices that family farms may take on board to minimise competing demands. Two practices that are used to minimise the competing demands and increase the likeliness of off-farm capital are farms' investment readiness and equity structuring. Investment readiness process is a complicated long-term process. As a part of this process, farms can demonstrate the business case for investment, develop an information memorandum and create benchmarking data platform. About equity structuration, findings inform us that family farms must address two major aspects of farm business: strategies and structural dynamics. In settling strategy, farms require to concentrate on the different type of strategies including commodity, growth, expansion, and investment strategy. These strategies need to be aligned as per partners' mutual interest. Farms also have to the strategic in their planning including financial, decisions domain, and asset allocation. With regard to equity structuration, farms can address different structures including investment structure, governance structure, ownership, reporting and other organizational structure. All of these structures may be either formal or informal.

Chapter 3 (Paper 2) has answered to the following questions: (1) why family farms create new financing path towards off-farm equity, and (2) how family farms make a successful off-farm equity journey. We analysed the stories of three farms who were engaged in off-farm equity process, using the interpretive narrative analytical framework. We interviewed four family farms to find out about the experiences in the off-farm equity process; we excluded one farm in our final analysis as this farm were not consistent regarding size and industry setting. We observed five narratives in the experiences of the off-farm equity process: motivations for change, soul reflecting, right partners, professionalization and letting go and taking on narratives. Relating these narratives to the path creation process (Garud & Karnøe, 2001), and new path creation theory (Simmie, 2012), we developed a four-step model of the off-farm equity accessing process. The four stages of this model include: responding to triggers, searching alternatives, spotting obstacles, and preparation and transformation. We also interpret this four stages as learning opportunities for investment readiness for family farms wishing to access off-farm equity.

Chapter 4 (Paper 3) has explored the governance structure for family farms wishing to access off-farm equity. To achieve this, we relied on the opinions of four family farms and thirteen farm advisors and used an interpretive thematic analysis of the semi-structured interview data. We found three inductive governance themes: the governance culture, the governance alignment, and the governance structure. We inductively theorized these three themes under institutional theory and framed an institutionalization process for family farms composed of three stages: transformation, foundation, and intensification. The findings confirmed us that a unique set of practices of governance structures and reporting practices might not suit the needs of both family farms and investors to negotiate off-farm equity deals. Thus, we suggest case by case governance and reporting practices.

4. Epistemological, methodological, and methodical Position

Epistemology refers to the philosophical position or the tools that researchers should take about the origin of knowledge prior to the study begins, to justify the quality of knowledge being produced (Carter & Little, 2007; Becker, 1996; Bryman, 1984). Epistemology thus, has, flow-on-effect on the choice of methodology, which in turn influences the selection of the right methods for research and determines the analytical and reporting structure of research (Carter & Little, 2007). Three sets of epistemological perspectives– interpretivism, hermeneutics and social constructivism- (Schwandt, 2000), are observed in qualitative inquiry. This thesis is commensurate mainly with an interpretive approach as the attributes of this approach is evident in this thesis. The interpretive approach of epistemology is recommended in the following conditions (Gephart, 2004; Schwandt, 2000; Isabella,1990; Hudson & Ozanne, 1988):

i. the subjective experience of the participants is the focal point of the study;
ii. the context in research setting needs to be taken care of;
iii. the real world of research setting is complex and is interrelated with actors;
iv. researcher interprets the elapsed action, as explorer does not know until the exploration is finished; and
v. different participant has different views on the research question.

These assumptions are also applied in this thesis as this research has been fully explorative, relied on the subjective experience of farms and farm advisors, and considered the Australian context of family farm financing. By using qualitative interpretive epistemology, this thesis has responded to the call of Nordqvist, Hall, and

Melin (2009) who urged researchers to use the interpretive qualitative approach as the extant literature around the broader family business arena are dominated by quantitative research. This thesis also moves the argument of Michiels and Molly (2017) forward in favor of using qualitative research to unveil the non-economic issues in family businesses' financing decision and to sharpen the theoretical shifts in family business' financing decisions.

The methodology is a loose term and has different meanings for different researchers as noted by Carter and Little (2007). From their review (Carter & Little, 2007), we may define methodology, in qualitative research, as the combination, description, and justification of the principles, procedures, and techniques (methods) of collecting evidence. Research methods in qualitative research, on the other hand, include all iterative actions including "sampling, data collection, data management, analysis and reporting" undertaken by "researchers and other participants"(Carter & Little, 2007). To make the contribution visible, qualitative investigators need to use a clear methodological procedure to give a clear picture of "what was done in the research process and to articulate how research practices transformed observation into data, results, findings, and insights" (Gephart, 2004). However, this methodological procedure in qualitative research, unlike quantitative research, needs to be reported in a less formal and more flexible style (Silverman, 2013). This reporting method is comparable to the style of writing "detective story" (Alasuutari, 1995) and a "natural story"(Silverman, 2013).

Following the above views, this thesis designed the methodology section of each paper systematically but less formal manner to give audiences a clear justification of the actions researchers have taken as a part of the methodology. The interpretive epistemological position of this thesis guided us to select suitable methodologies: interpretive thematic methodology (for paper one and three) and interpretive narrative methodological framework (for paper two), as qualitative scholars rarely suggest any single correct methodology (Rynes, Bamberger, & Pratt, 2011). Guided by these interpretive methodologies, we selected semi-structured interviews for collecting data. Semi-structured interviews are recommended in a context where researchers want to access informants' worlds view and their interpretations about that world (Minichiello,

Aroni, & Hays, 2008). In line with our selected epistemological and methodological perspective in this thesis, the semi-structured interview seemed to us more justified as it gave us the opportunity to hold the position of "symbolic interactionist" (Minichiello et al., 2008). Moreover, this "interactionist" approach was necessary for us to explore the "why" and "how" questions in family farm financing aspects which would have been difficult to do with the quantitative format of the survey (Reay, 2014).

Inspired by Reay and Jones, (2016), in paper one, we used qualitative interpretive logic capturing methodological framework for family farms to explore competing interests, among family farms and off-farm investors, which contribute to interpretive logic capturing methodological framework. Most of the literature in institutional logic established the methodological fact that logics in an institution can either be measured or operationalised, rather than "logic capturing" (Reay & Jones, 2016). One of the limitations of logic measurement / logic operationalisation methodological framework that these two methods simply compare or contrast the logics in an organization with predetermined ideal types of logics, which do not consider the research-context and do not explain the emerged logics "through quotes, observation, and thick description" (Reay & Jones, 2016; Thornton, Ocasio, & Lounsbury, 2012; Thornton, Jones, & Kury, 2005). As our research has not used any ideal types of logics and has developed the logics based on empirical quotes and participants' insights, it contributes to "capturing logics" methodological framework.

Paper two of this thesis contributes to advancing the field of family business research in general, and family farms in particular, through using interpretive narrative analysis, as suggested by (Dawson & Hjorth, 2011). Narratives analysis of interview data enabled this thesis to provide a thick description of family farms' complex phenomenon to our audiences (Leitch, Hill, & Harrison, 2010; Rynes et al., 2011). Paper three contributes, using six steps thematic methodological framework, to get a pattern (Braun & Clarke, 2006), in family farms' governance process in our raw data, shared by family farms and farm advisors. Through using Braun's thematic framework, initially proposed for psychology, in family farm financing contexts, this research advances the advocacy of Braun and Clarke (2006) to use their thematic analytical framework in another field.

Another methodological stance of this thesis is that it has depicted how "methodological conservatism" (Tracy, 2010) in the qualitative investigation can be overcome by "embracing the diversity of qualitative methods" (Rynes et al., 2011). Concerning the diversity, Rynes et al. (2011) argued that diversity should be considered in data sources, research questions, and analytical strategies. This "method diversity" (Rynes et al., 2011) is also known as "triangulation" and "crystallization" among qualitative methodologist, which means using multiple data, investigators, analytical, and theoretical perspectives, in the same research (Leech & Onwuegbuzie, 2007; Tracy, 2010). This thesis, thus, demonstrates analytical, investigators and theoretical diversity. Investigators' diversity was evidenced as two investigators (the principal investigator and the principal supervisor) collected data while three others (I, principal supervisors and the second associate supervisor) constantly checked analytical outcomes. Moreover, everyone contributed in designing interpretation. Analytical diversity work as we used different interpretive, analytical tools including narrative, thematic and content analysis. Analytical diversity was also achieved through using both manual data analysis method (Strauss & Corbin, 1998; Miles & Huberman, 1994) and software, i.e., NVivo Pro 11 and Leximancer version 4 (Smith & Humphreys, 2006). As this thesis inductively used three theoretical frameworks, such as institutional logics, path creation theory under institutional lock-in and institutionalisation theory, it has also contributed to theoretical diversity. Moreover, following the view of Tracy (2010), this thesis also viewed all of the above as methodologically creative and significance as we found little or no use of the same methods, theories and concepts in the earlier farm financing and family businesses financing literature.

5. Research contribution

This section discusses the overall contribution of the thesis. The contribution is discussed one by one under three different headings: contribution to theory, practice, and methodology.

5.1.Theoretical contribution

Reporting the theoretical contribution of a research project lacks proper meaning and generic terminologies to express (Corley & Gioia, 2011; Whetten, 1989). To delineate the contribution of this thesis, we draw on the idea of Corley and Gioia (2011) who defines theoretical contribution of research as to " emphasize [ing the] notion of advancing knowledge and moving the field's thinking forward, providing new connections among previous concepts and exploring the implications of these connections among previous concept, and exploring practical implications of these connections" (p.15). Theoretical contribution can happen in three possible ways (Crane, Henriques, Husted, & Matten, 2016): (1) testing and refining theory, (2) theory application, and (3) generating theory. Our contribution relates to the application of broader sets of institutional theory as we inductively interpreted our empirical outcomes with an existing theory to advance the conceptual connections and to explore their implications.

Paper one explores two specific findings. First, it explores some eight pairs of contradictions that might inhibit the flow of equity capital to family farms from off-farm equity investors. Secondly, it proposes two strategic practices - investment readiness strategy and equity structuration process- to address those competing interests. Understanding competing logics in off-farm equity collaboration advances the institutional logics theory (Thornton, Ocasio, & Lounsbury, 2012; Thornton, 2004) by linking the logics concept to the voluntary equity partnership of two different autonomous partners from two different fields. Although institutional logics have been applied in different fields of study, as explained in paper one, we have not seen much literature in which the logics in farm financing mechanisms are linked. Our study has attempted in this respect. The second main findings have enriched the strategic response models in the institutional process (Pache & Santos, 2010; Oliver, 1991). The investment readiness strategy discussed in paper one put "compliance tactics of acquisition strategy" (Pache & Santos, 2010; Oliver, 1991) forward and showed how this theoretical concept works empirically. While "balancing tactics of compromise strategy"(Pache & Santos, 2010; Oliver, 1991) is manifested in the equity

structuration process of our findings. In addition, we see a new dimension of this strategic response is the mediating role of professional farm advisors.

Paper two is built on a narrative of three family farms' experiences with off-farm equity journeys. In this paper, we have visualized family farms, a path dependent unit of organization (Sydow, Schreyögg, & Koch, 2009) as family farms have historically been stuck to a less optimal financing model which is based on internal equity and bank debt. We again found the relevance of path creation process (Garud & Karnøe, 2001) and new path creation theory (Simmie, 2012) when we saw family farms break their old financing models and started a new journey towards a new financing path driven by some internal and external triggers. Following the path creation theory, we proposed an off-farm equity path creation process. This process, in fact, incorporates the investment readiness journey of family farms. This paper has an advanced path creation theory in three ways: *first,* it has shown how family farms break their financing shackles and what systematic stages they may follow to transform their traditional financing models; *second,* this study has added a new dimension in organizational path dependence and path creation literature by introducing family farm businesses as the unit of analysis. Third, this study has a shaded light on how family farms can remove their capital inertia and the negatives of institutional hysteresis.

The final paper, Paper 3, has provided a governance and reporting framework for family farms wishing to access off-farm equity. Within our empirical data, we found three governance themes that family farms consider in the family farms governance process: governance culture, governance alignment, and governance structure. Interpreting these themes with the conceptualization of three-stage sequential institutional processes (Tolbert & Zucker, 1999), we proposed three stages of family farms governance in accessing off-farm equity capital. Our three-sequential stages are transformation, foundation, and intensification. In our third paper, we put forward the idea of institutional isomorphism, by treating off-farm investors and professional advisors as background institutions, though not empirically tested, who put normative pressure on family farms to adopt governance structure. We believe that these extensions of institutional theories might serve as a starting point for family

farms scholars to empirically test more cases in off-farm equity and it thus advances theory on family farms' institutionalisation in the context of financing.

5.2.Contribution to practice

To contribute in a practical sense, we identified four groups as possible practical audiences: family farms, off-farm investors, farm advisors, and policymakers. Table 1 summarises paper specific contribution of this thesis.

Table 1: Paper specific contribution of the thesis

Audiences	Paper 1	Paper 2	Paper 3
Family farms	Can identify off-farm investors' interest and can craft response strategy based on their capacity and desire.	May learn the process of injecting off-farm equity and prepare themselves to be investment ready.	Get the lesson on how to implement governance process and the stages of governance and reporting aspects for off-farm equity
Off-farm investors	Can identify family farms' interest and can check if investors' requirement matches with family farms	Understanding of the context when family farms intend to take a partner and understand farms' professionalization process for off-farm equity	Understand farms' governance and reporting choice based on their sizes, cultures, and business models.
Farm advisors	Can devise better strategies both for farms and off-farm equity investors to minimise competing arguments.	Help farms in new financing path creation and investment ready processes through farm specific guides.	The advisor may exert indirect pressure on family farms to change their governance structure.
Policymakers	Can create a platform for creating awareness and educating both farms and off-farm investors.	Can deliver a platform by which farms, and investors can communicate with each other and take the initiative for industry-specific benchmarks	Facilitates voluntary governance and reporting education and training pitches for farms.

6. Methodological legitimization

6.1. Analytical trustworthiness and generalizability

One may ask about the credibility (Agar, 1986), trustworthiness (Lincoln & Guba, 1985), validity (Maxwell, 1992) and generalizability (Ruddin, 2006) of our qualitative analytical findings. These criticisms may stem from the fact that methodologists rarely agree on certain "boilerplate", of analysis, "significance level" of results and "magic number" of participants in qualitative analysis (Pratt, 2009). This problem is also known as the legitimization crisis of qualitative methodology (Denzin, 2001). Following the view of Merriam (1995), researchers of this study feel an obligation to talk about the trustworthiness and generalizability before recommending practical implications of the findings explored. In relation to this, qualitative researchers have recommended many concepts of trustworthiness, such as credibility, dependability, and transferability (Guba & Lincoln, 1981) and rigours, including internal validity, reliability, and external validity (Merriam, 1995; Maxwell, 1992). Trustworthiness of qualitative research legitimises the degrees of fitness of the research for what it has been conducted for (Merriam, 1995)

Following the position of Merriam (1995), we ensured the internal validity to make sure the consistency of each papers' findings with reality. In qualitative research, reality refers to relative trueness, rather than absolute trueness, of phenomena with multiple dimensions (Merriam, 1995). Accordingly, this thesis explores only one single possibility based on our most relevant interpretation of data. For example, in paper one; we interpreted the data from institutional logics theory and strategic response model. In the case of paper two, we tried to depict farms' journey to off-farm equity through path dependent and path creation theory. Institutionalization theory was the best theoretical position, to the best interpretive judgment of this study, to explain farms equity structuring process including governance and reporting. We, however, acknowledge that the selected theoretical explanations reflect merely one good explanation out of many possibilities. Other investigators can interpret the same data from others philosophical, analytical, and theoretical perspectives.

6.2. Internal validity (Reality)

Strategies such as triangulation (investigators, methods, and source triangulation), checking data with participants, taking advice from peer groups and immersing in the data, are recommended to increase the likelihood of internal validity of qualitative research (Merriam, 1995). This study has used both investigators and method triangulation in each empirical paper. My principal supervisors and I engaged in data collection (conducting interviews). During the data analysis, this thesis relied on the opinions of all other associate investigators, which thus provided the thesis investigator triangulation. With regard to method triangulation, this thesis has used different methods such as content analysis, thematic analysis, and narrative analysis. This thesis has also used both manual and two different types of text analysis software, i.e., N-vivo 11 and Leximancer 4, as part of the triangulation process. During the data collection stage, researchers of this study double-checked any comments, which seemed to be unclear, made by participants. This worked as a replica of member checking in ensuring internal validity. Two of my associate supervisors who were not engaged in the data collection process, they challenged the findings of each paper. Research questions and findings were also discussed with some qualitative and quantitative peer groups before and after the data collection and analysis. Following the advice and concerns of peer groups, data was repeatedly checked to address their concerns. This step helped this research project refine the research questions and revise associated findings. As this thesis has used both naturalistic and constructionist research philosophy, researchers were immersed into the data and revisited the data back and forth to develop the right interpretation.

6.3. Reliability (Consistency)

Reliability of research is achieved if repeated trials of the same set of objective measurement by different researchers give the same set of results (Merriam, 1995). Replications of the findings by repeated trial are possible only in the context of hard science, for example in a quantitative inquiry, with a positivistic approach (Merriam, 1995). In qualitative settings, like in the context of this thesis, it is unusual to expect the same results of the same set of data under different trails by different researchers owing to the human touch element on the phenomena being studied. Rather, different

trials generate different interpretation. This was also true in this thesis as this thesis examined the human experiences and views of farm owners and professional advisors.

To pass the test of reliability, consistency is another terminology that qualitative researchers prefer to use, as noted in (Merriam, 1995; Lincoln & Guba, 1985). The consistency of qualitative research is attained when investigators ensure that findings conform with the data collected (Lincoln & Guba, 1985).To reach the maximum level of consistency, this research used three strategies: triangulation, peer examination and audit trail (Merriam, 1995). As mentioned regarding internal validity, this research followed triangulation and peer examination for consistency of the findings. Following the suggestion of other qualitative scholars (Merriam, 1988; Danzig, 1985; Guba & Lincoln, 1981), investigators of this study also demonstrated audit trial- details of data collection, analysis, and patterns and categories- in every paper. See the data collection and analysis phase of each paper.

6.4. External validity (Generalizability)

Research generalizability indicates the applicability of research findings in one research compared setting to other similar settings (Maxwell, 1992), which is also known as external validity (Merriam, 1995). In quantitative research, systematic generalization is possible with statistical inferences focussing mainly on the representativeness of a sample to population (Merriam, 1995; Maxwell, 1992). By contrast, inferences about persons, events, and situations facilitate generalization in qualitative research, concentrating on the depth of the unit of study (Merriam, 1995; Maxwell, 1992). Consistent with A qualitative research approach, researchers use different conceptualizations, such as working hypothesis, concrete universal, reader, and user generalizability to refer to generalizability (Ruddin, 2006; Merriam, 1995; Lincoln & Guba, 1986; Stake, 1978).

Based on the works of Merriam (1995), this study has defined these terminologies. A working hypothesis means developing propositions based on the research settings which could be used to guide policy and practice. Concrete universal refers to applying the lessons learned from one research context to other similar experiences. Under the notion of readers' generalizability, a generalization of research

findings mainly depends on how the audiences use the research findings in their contexts. Qualitative researchers have very little to show in terms of how finding can be applied to other research, which is also known as a naturalistic generalisation (Stake & Trumbull, 1982).

This study has not proposed any working hypothesis or proposition to help policy guidelines for Australian farm financing. Following concrete universal and user generalisability views, researchers of this study argued that main players of the farming industry including family farms, private investors, farm advisors and policymakers of other economies, like in the Australian setting, can use the findings as a reference point of knowledge. They can apply the lessons learned from this study to their settings. For example, family farms, in other settings, wishing to access to off-farm equity, may think of the areas on which they have their preferences that may not in line with off-farm investors. Family farms can also prepare themselves to be investment ready the way farms have demonstrated in our case. More, importantly, family farms get some practical ideas on how to structure their off-farm paths, developing the right governance and reporting structure based on their strengths and desire. Off-farm investors around the world are another potential audience for this research. The explored logics of off-farm investors in this study may help them understand their own logics and be informed about farms' preferences for building off-farm equity alliance. Investors may also better understand farms off-farm equity accessing process and investment readiness process. Having informed about farms' details, off-farm investors can structure their own identity and may get ready to compromise and become more balanced in some areas. Policymakers can design efficient off-farm financing products, policies, and guidelines to facilitate the off-farm equity market. These policy guidelines may help family farms in solving their financing problems.

Strengthening the rigour of generalizability in qualitative research is relatively more complex than in its counterpart, quantitative research. To energise the generalizability rigour of qualitative research, Merriam suggested four strategies: showing a thick description of the research context, using multi-site designs, model comparison, and developing samples within samples. This thesis, in each paper, shows

a thick description of the interview process, data collection, coding, categorisation, theme selection, and theorisation. Qualitative scholars, however, yet to have any unanimous benchmark to measure the thickness of description (Lincoln & Guba, 1986). This study is also consistent with the multi-site design of generalization as findings were based on several types of family farms who have a business network in multiple locations in the same region. Farm advisors were also diversified in a sense that each of the advisors had experiences dealing with different farms with different business models and a diversified investor class with many investment models.

7. Limitations and further research opportunities

One of the driving motivations behind this thesis was to contribute to extending the literature of off-farm financing, off-farm equity in particular, for family farms and agriculture. In achieving this aim, we identified the empirical gaps, problematized the extent of the theoretical knowledge, and methodological immaturity in the extant literature with regard to off-farm equity in family farms, family farms and off-farm investors logics, family farms path creation and investment readiness, and family farms' governance processes. At the same time, it is equally important for the readers to know that this contains limitations. Knowing these limitations, future researchers may find a clear path to further research. Each of empirical papers in this thesis has indicated paper-specific limitations and future research opportunities.

Yet, it is useful to provide a summary of key limitations here, in light of the points mentioned in each paper, which also gives an idea of doing potential further research.

i. We have not been able to empirically explore the logics of family farms and off-farm equity investors in an off-farm equity alliance based on these actors' individual attributes, such as their size, business models, and investment models (see paper 1).
ii. Based on the geography, industry, social and cultural contexts, partners in the off-farm alliance, family farms and investors, may behave differently. This study did not address this (see paper 1).

iii. This study borrowed the terminology of around alliance and institutional terminologies based upon alliance and institutional logic literature of traditional businesses. Typologies and taxonomies could be established that would specifically relate to family farms (see paper 1).

iv. Even though this study relied on advisors' opinion to explore competing views of family farms and off-farm investors in off-farm equity alliances, our evidence did not speak much about the specific and detailed roles of advisors in matching the views of the two main partners (see paper 1).

v. We were able to reach only one member of family farms for interviews. Interviewing only one member of each farm might restrict the details findings of the off-farm equity journey (see paper 2).

vi. All of the sample farms interviewed for paper 2 were in the cattle industry. This concentration of data on only one industry may not disclose the off-farm equity experiences of all other family farms due to the nature of heterogeneity (see paper 2).

vii. In the new path creation of farm financing, off-farm equity in this thesis, experiences, and cooperation of all other actors such as investors and advisors were believed to be a significant component. Theoretically, these actors' roles are important in new path creation. However, the path creation model we outlined does not incorporate the missing component of investors' experiences (see paper 2).

viii. The data did not help the researchers to identify governance and reporting practices based on farms' and investors' specific needs. Tailoring governance and reporting processes and practices is a necessity as our findings suggest that a "One size fits all" governance framework may not be suitable for each type of farm and investor (paper 3).

ix. Two potential sample groups- off-farm investors and farm financing policymakers- have not been included in our interview. Inclusions of their views might reveal more issues in off-farm equity alliances' logics, path creation and governance process (all papers)

x. Generalizability of our findings can be challenged by the cross-country farms and research settings. Studies on comparable economies in family farm settings can advance our empirical findings.

xi. Another major limitation for the whole thesis was the small sample size of farm and advisor interview participants. We interviewed four farm and 14 farm advisors that have not given us adequate information on off-farm equity alliance that may satisfy diverse types of farms and investors. Interviews with a larger sample size of farms and advisors may reveal more interesting findings the research questions.

8. Concluding note

One last point is that, from a country-specific perspective, this research has demonstrated the ongoing need for sufficient access to long-term finance, equity finance in particular, for Australian family farms. In the midst of continuous crises, originating from natural disasters and economic downturns, and structural changes (Mann, Freyens, & Dinh, 2017), a sole reliance of family farms on the traditional bank-dominant model is now being questioned: in empirical and anecdotal research, by farm finance commentators, by farm industry stakeholders; and farm policy makers in Australia. Despite this, off-farm equity, a proven alternative farm financing model in another economic setting, has not been explored extensively in Australia, except some recent developments. Through this study, the aim was to engage in some intellectual conversation, and research agenda with academics, family farms owners, off-farm investors, farm advisors and policymakers. To shape the future directions of off-farm equity in the context of Australian family farms, this qualitative inquiry informs the audiences only about a tip of the iceberg of the whole complex phenomenon off-farm equity alliance in family farming industry. Our journey in this qualitative investigation was full of challenges, as qualitative research has no "algorithm" to analyze "the field works and word works" to elucidate the evidence (Gephart, 2004). Yet, the best hope for the researchers is that this study would attract more intellectual dialogue around farm financing issues in general and off-farm equity in particular, both in the Australian and global contexts.

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Appendix 1. Contextual and Historical Background

1. Off-farm equity capital in farm businesses

Research investigating efficient sources of financial capital for the US farming sector may contribute to understanding the farm financing issue for the rest of the world as empirical works beyond the US has been less explored (Featherstone, Ibendahl, Randy Winter, & Spaulding, 2005). To address this research gap in other jurisdiction, this study, therefore, relied to some extent on the US literature to find a historical context of off-farm equity capital in agriculture.

Farms' financial failures escalated in the 1900s in the US with dramatic changes in the farming environment including financial, economic technological, risks dynamics (Guither & Halcrow, 1988). With the emergence of a competitive farm credit system, composed of commercial banks, federal sponsored cooperatives, federal lenders and banks, government-owned farmers' home administration, private financial institutions, and other individuals, in 1916, lenders in the US adopted a tight policy in sanctioning farm credit. Farmers needed to apply for loan fulfilling two eligibility criteria (Guither & Halcrow, 1988): (1) farms' cash flow ability (both on the farm and off-farm sources) (Guither & Halcrow, 1988) and (2) appropriate debt to asset (equity) ratio. Amid such stricter loan policy, US farms faced more financial difficulties, especially, in a situation when: (1) farms' asset value (equity value) declined, (2) and farms' financing and operating cost soared owing to the fall of commodity prices.

From 1970 to 1982, the US farming sector was flooded with debt financing driven by the appreciation of farms' internal equity (land value) and a minimal real cost of debt (Crane & Leatham, 1995; Guither & Halcrow, 1988). Using this opportunity of a boom in the supply farms' debt capital, US farms escalated loan proceeds by increasing fresh loans and refining the non-performing loans. This means the loan disbursed by lenders were not qualitatively sound and made the lenders over-reliance on the farms and agricultural portfolio (Brake & Boehlje, 1985). As a result, the heyday of debt dominated farm financing did not last long, which then caused the financial crisis in the early 1980s for the US economy. This emerged from the sudden fall in the internal equity value (owners' land/capital asset), by approximately 25%, which has downgraded farms' repayment capability to lenders (Guither & Halcrow, 1988). With

the lowering of farms' asset values and declining trends in commodity prices, farms in the US gradually experienced increased financial risk owing to a mismatch of operating revenue and fixed financial obligations (Guither & Halcrow, 1988). Therefore, the US farming sector was immersed in a credit crunch and bankruptcies which affected all lenders, farms and agribusinesses, and rural communities in the US (Crane & Leatham, 1995; Guither & Halcrow, 1988). Even though these two problems- borrower and lender problems- are the most common reasons for the US farm crisis, there are some other complicated reasons for the farm crisis (Bullock, 1986)

The degree of farms debt capital, has, thus, influenced on farms' internal equity, financial performance, financial risks and their survival (Wu, Guan, & Myers, 2014; Guither & Halcrow, 1988). Many studies in the context of the US farm financing industry have confirmed the limitations of debt capital in agricultural farms. Notable works in this setting are: Featherstone et al. (2005); Bierlen, Dixon, Ahrendsen, and Barry, (1998); Lowenberg-DeBoer,Featherstone, and Leatham (1989); Collins and Bourn (1986); Barry and Robison (1986); Melichar (1984); Gabriel and Baker (1980); Sonka, Dixon, and Jones (1980). An aggregation of all the findings of these works indicates: farm debts become risky due to emerged financial risks and business risks if farms' credit subsidy/ government funding is declined. Moreover, excessive usage debt increases farms total risk, even though the business risk is reduced, which may threaten farms' long-term survival. More importantly, higher proportions of debt are more suitable financing mix for solvent farms with higher on-farm income and internal equity.

To get rid of the above financial difficulties, six policy options were suggested by the US policymakers as observed by Barry, Ellinger, and Eidman (1987), cited in (Guither & Halcrow, 1988): (1) selling farms' asset under leaseback arrangements; (2) selling farms' asset under no lease –back arrangements ; (3) writing down farms' debt obligations; (4) curtailing interest rates to farms' loans; (5) offering deferred loan repayment options; and (6) injecting off-farm equity to freeze farms' loan obligations. Brake and Boehlje (1985) also mentioned three-policy adjustment at three levels to overcome US farm financing crisis: farm level, public policy level, and sectoral level.

Like Barry et al. (1987), Brake and Boehlje (1985) also suggested for injecting off-farm equity capital as a potential solution to a farm crisis, even though off-farm equity is sometimes criticized for causing farms' ownership dilutions (Boehlje, 1995). This was the reference point in the global farm business' history when off-farm equity started to attract the attention of academics, policymakers, and commentators in farms and agricultural finance. Off-farm equity capital through a public equity platform is, however, not new in the US farming sector where mostly European investors invested equity in tobacco and ranch production (Lowenberg-DeBoer et al., 1989). The public platform of off-farm equity is a relatively impractical option for family farms businesses owing to high compliance costs (Barry & Robison, 2001). Alternatively, off-farm equity capital denominated from other farms and other off-farm sources is recommended as a solution to farms' financial stress.

With these voices in favour of injecting off-farm equity capital in US arm businesses and production agriculture, a group of scholars (Mondelli, 2011; Barry & Robison, 2001; Barry, Bierlen, & Sotomayor, 2000; Crane & Leatham, 1995,1993; Dodson, 1994; Fiske, Batte, & Lee, 1986) has become dedicated in unveiling the feasibility, motives, market requirements, institutional arrangements, and barriers to off-farm equity market in agriculture. As an extension of these works, my thesis focuses on the exploration of off-farm equity capital in Australian family farms and agriculture.

For an extensive review of the motives and problems of off-farm equity, we refer to the special issues of American Journal of Economics (1986, Vol, 68). A recent study (Ouma, 2016) also revealed a systematic timeline of the evolution of farm finance in the context of US farm and agriculture. Ouma (2016) categorized the agriculture-finance landscape of the period 1860-2015 in five distinct categories: (1) informally served period (1860-1915); (2) government supported period (1916-1967); (3) bank dominated period (1968-2007); (4) market- based period I (1987-2007); and (5) market-based period II (2008-to date). For attributes of each phase, see Ouma (2016). This timeline gives an indication how off-farm equity financing has taken place as a market-driven financing mix in the farm and agriculture industry.

Since then, this wave of off-farm equity, born in the US, has expanded globally including Australia, NZ, Canada (Painter, 2010; Eves, 2005). Empirical frameworks for analysing off-farm equity in agricultural farms are yet to get matured (Lowenberg-DeBoer et al., 1989). To address such a gap in terms of a proper research framework, this research focuses on the exploration of off-farm equity in Australian family farms businesses, using a qualitative research approach under the institutional theoretical framework.

2. Australian off-farm equity market

2.1.Australian farm and agriculture

There is an old maxim in Australia: that its economy "rode on the sheep's' back" (Productivity Commission, 20005). This signifies agricultural contributions to Australian economic development both at a national and global front. Nationally, it generates 2.7 percent of GDP (Organization for Economic Cooperation and Development (OECD) & Food and Agriculture Organization of the United Nations (FAO), 2016). Australian farm and agricultural exports are expected increase up to almost $49 billion in 2017-2018 from $48 billion in 2016-2017 (Australian Bureau of Agricultural and Resource Economics (ABARES), 2017). During 2015-16, Australia has exported 77 percent of the total produced of foods and fiber, which worth $44.8 billion (National Farmers' Federation (NFF), 2017). Nearly half a million workforces are employed both on the farm and off-farm activities in the Australian agricultural sector (NFF,2017; Fuglie & Wang, 2012). This sector uses 60% of Australian land resources and consumes 70% of water (Hamblin, 2009). Australian agriculture production feeds over 22 million people domestically (Lawrence, Richards, & Lyons, 2013).

On the global stage, Australia exports diverse farm and agricultural products such as wool, wheat, meat, and sugar, and feeds another 40 million people in other countries including the UK, Japan, China, the Middle East and Korea (Lawrence et al., 2013). Australia is a net exporter of agricultural commodities. The export value of Australian agribusiness products was $38 billion in 2012-2013, compared with imports valued at approximately $12 billion (ABARES, 2013). Australia exports represent almost 60% of its total production, which is equivalent to 76 % of its gross farming value

(Department of Agriculture, Fisheries, and Forestry (DAFF), 2011). Strategically, Australia is located in the Asia Pacific region which is regarded as one of the fastest growing markets for food and fiber (Austrade, 2017). This locational advantage gives interested investors a sound fundamental for long-term return in the sector (Austrade, 2017). Currently, 50 percent of Australian food and fiber export destination is Asia and the Pacific (Austrade, 2014**).** The Australian agribusiness sector accounts for approximately 3 percent of the global food trade which is three times higher than the domestic demand (Austrade, 2014). Australia is ranked 2nd regarding agricultural land around the globe with a 9% global share (Lowder, Skoet, & Raney, 2016) and it ranks 4th as a global exporter of Ag. Commodity (Keogh, 2009). The Australian agricultural industry is now being considered as one of the five pillars (Asia Pacific Stock Exchange, (APX),2014) of the Australian economy; one of the *Fantastic Five* next high growth wave sectors (Deloitte,2013) and it is an equally competitive sectors as other sectors in the Australian economy (Lydon, Dyer, & Bradley, 2014)

2.2. Declining competitiveness in Australian farm and agriculture

However, the share of contribution of the Australian agricultural sector to its economy has started to fall from the early 1960s (Productivity Commission, 2005). For example, during the post-war period, in 1951, the contribution of Australian agricultural production accounted for 29% of GDP and the size of export was equivalent to 90% of GDP (Stoeckel & Miller, 1982) cited in Botterill (2016). By 2014, the production value was down to 2% of to GDP and export volume had receded to only 15% of GDP (Commonwealth of Australia, 2015a) noted in (Botterill, 2016). Even, compared to Australia's' global competitors, such as the US and Canada, Australian agriculture is lagging with regards to productivity (Rural Industries Research and Development Corporation (RIRDC), 2013). Other estimates in Australian agricultural productivity (Hughes, Lawson, Davidson, Jackson, & Sheng, 2011; Nossal, Zhao, Sheng, & Gunasekera, 2009) shows that agricultural productivity has become either slower in some commodities or negative in others. For example, the productivity of the broadacre industry dropped to negative 2% during 1997/98-2006/07 from positive 5% during1979/80-1997/98.

Factors explaining the reasons of declining productivity and competitiveness of Australian agriculture include, but not limited to: agricultural risks and volatility, technological shifts, transport, communication and infrastructure, research and development, farmer education, regulatory environment, policy changes, access to sufficient funding (Heath, 2016; Nossal et al., 2009).

"Family farms are the cornerstone" of Australian agriculture, and they are "the best stewards" of Australian land as they are committed to carrying their business legacy to the next generation (Commonwealth of Australia, 2015b). 99 % of almost 130,000 individual Australian farms are family owned and operated (Heffernan, Keogh, & McKew, 2008). However, Australian farms are continuously declining in number. One estimate by the Australian Bureau of Statistics in the year 2016 shows a decrease in farms by almost 40% between 1994 to 2014: from around 180,000 to 110,000 (Pratley, 2017). We see many theoretical and empirical themes in the extant literature that explains the reasons for this declining pattern of farm numbers and the above-mentioned decreasing rate of Australian agricultural productivity. Issues mentioned above as a driving force behind declining farms' productivity and farms' size are known as the effects of structural changes in the literature.

2.3. Structural changes in Australian farm and agriculture

Structural changes arise due to changes in environment surrounding agriculture including natural factors, business factors, financial factors, economic factors, commodity prices, technological and policy dimensions (Mann, Freyens, & Dinh, 2017; Pratley, 2017; RIRDC,2007;Balmann, Dautzenberg, Happe, & Kellermann, 2006; Rossier & Wyss, 2006; Horridge, Madden, & Wittwer, 2005; Kingwell & Pannell, 2005; Botterill, 2003; Productivity Commission,1998). Using these interpretations from this literature, we find three types of structural changes. One form of structural change is achieved through the amalgamation and consolidation tendency of smaller farms into larger ones (RIRDC, 2007; Productivity Commission, 1998). This amalgamation leads farms, though, to the path of an economy of scales (Esposti, 2014; Dimitri, Effland, & Conklin, 2005), and it has ramification for declining family farms size and for shifting family farms' model towards corporate farming model (Pratley, 2017). Another form of structural change is to have a natural adjustment. The

natural adjustment process ensures efficient use of factors of production by skilled farms driving inefficient farms out of the industry during the resource relocation process (Gray, Oss-Emer, & Sheng, 2014). The third type of structural change originates from off-farm economic and natural crises including downward economic pattern and drought that affects farms' size, profitability, attrition levels, and wellbeing and induces farms' decision to stay or quit (Mann et al., 2017).

Research on the effects of structural changes in extremely protected agricultural economies with relatively smaller farms (for example, in the case of the US and Europe) (Streifeneder, Tappeiner, Ruffini, Tappeiner, & Hoffmann, 2007; Ahearn, Yee, & Korb, 2005) are ample. The findings of such research are that farms, impacted by structural changes, exit the farming occupation if they fail. Australian literature confirms that structural changes are one of the contributing factors in receding farms' numbers, but there is weaker empirical evidence of a total exit from farm occupation (Vanclay, 2003). The Australian media, however, establishes the notion of farm exit as a repercussion of structural changes (Mann et al., 2017).

Structural changes in farms and agricultural firms and their associated effect on farms' financing structure can also be better explained through financial models of structural changes (Vickers, 1968). According to this explanation, financial capital, both debt and equity, are the key components for farms to acquire firms' capital asset and an operating asset to generate sufficient cash flow to keep the business operating (Boehlje, 1992). Any constraints to this capital availability may hamper farms' value maximization goal and challenged the farms' existence. To meet any financial shortfall, farms feel pressure to sell their capital asset which paralyses their income generating capability in the long run (Boehlje, 1992). Thus, growth in farm size and capital assets can be achieved with diverse types of debt, equity capital, and financial lease.

Farms can resist these structural pressures (Vanclay, 2003) using either of three options: (1) sticking to the current strategy; (2) changing the current strategy and (3) leaving the farming industry. However, the real response depends on the farm-specific scenario (Gray & Lawrence, 2001). Every option has its own merits and demerits and relates to farm's financing strategy. Structural changes in agriculture literature suggest

different models to explain the insights of structural changes: financial, human capital, technological, institutional, and social (Boehlje, 1992). Brinkman (1983) also proposed an extensive framework of structural changes in agriculture, which was further extended by Goddard, Weersink, Chen, and Turvey (1993). In these frameworks, the financial structure of agricultural farms is one of the leading aspects. In this thesis, we rely on the financial aspect of structural changes to contextualise the off-farm equity in Australian farm businesses.

2.4. Deregulation and financial capital in Australian farming

Deregulation of the Australian farm credit system is one of the pivotal factors that caused structural changes. Leaving farms' or amalgamating of different smaller farms by farmers for greater scale has long been an essential feature in Australian farming industry, rather than a new phenomenon, as a part of structural adjustment processes (Lawrence, 1999). Policy changes- a shift from public finance to private finance- in Australian farm financing also contributed to deregulation of family farms. Argent (2000) was one of the first authors who discussed how public-sector finance contributed to financing the Australian farming sector, and how the Australian farming sector was eventually fully commercialized after the public finance schemes were abandoned. Argent (2000) identified two eras of public finance in the Australian farming sector: the rise of public credit (1952-1983), also known as the highly regulated credit era, and the fall of public credit (1983-to date), also known as the deregulated era. Table 1 provides the key feature of these two-era including the main players in each era; actions taken, and financial institution developed by the Australian federal government for farm credit; control on the flow of domestics and foreign capital; and the nature of loans provided to the farming sector. Main observation in these two eras is the opposite. Public finance has always facilitated a necessary platform for private capital flows in Australian farming sector, as private investors feel uneasy about investing financial capital in this risky business (Larder, Sippel, & Argent, 2017; Martin & Clapp, 2015).

In 1972, abolishing the interventionist attitude (Botterill, 2005), Australian economy entered in the era of "economic rationalism" (Vanclay, 2003) by accepting restructuration and deregulation, as a response to globalization (Gray & Lawrence,

2001; Tonts, 2000), as noted in (Vanclay, 2003). Scholars have labeled this transition of the Australian economy as the neoliberalism phase (Lawrence & Campbell, 2014;

Table 1: Finance-agriculture relations in Australian agriculture landscape, (1952-2017), design based on Argent (2000)

Regulated era: Rise of public agricultural credit (1952-1983)	Globalized Era: Fall of public agricultural credit /lender of the last resort (1984- till today)
Main players in agricultural-finance relation: Sate, the central bank, farm families, financial institutions, depositors, shareholders, and investors	**Main players in agricultural -finance relation:** Sate, the central bank, farm families, financial institutions, depositors, shareholders, and investors
Establishment of public financial institutions by the Federal government: • 1952: concessional credit schemes • 1956: interest rate averaging scheme • 1959: Common Wealth Development Bank (CDB) – for long-term investment in farm • 1962: Term Loan Fund (TLF) – for long-term credit to primary producers • 1966: Development Loan Fund (DLF)- for long-term credit to primary producers • 1978: Primary Industries Banks of Australia (PIBA)) - for long-term investment in farm	**Deregulation and privatisation initiatives** • 1983: floating Australian dollar, deregulation of the financial system • After 1985: 16 foreign banks were established • 1994: CDB was partly privatized • 1996: CDB was fully privatized • Since1980: fully commercial credit to farms
Domestic and global capital: domestic capital was preferred; the global capital was fully controlled	**Domestic and global capital:** global capital is not controlled and open and is in full competition with domestic capital
Nature of farm loan: fully concessional, a lower rate of interest, directed by states, state support to farms	**Nature of farm loan:** fully commercial, the market rate of interest, less state directed loan, state support to all another sector

Dibden, Potter, & Cocklin, 2009; Tonts & Jones, 1997). Others (Botterill, 2016; Vanclay, 2003; Lawrence, 1999; Tonts & Jones, 1997; Argent, 1997) have studied the nature of deregulation and restructuring in terms of broader aspects of the socio-economic-cultural context of Australian agricultural farms as Australian agriculture is a composite of social, cultural, political, historical, and economic construct (Vanclay, Lockie, Charles Sturt University, 2000). Finance capital is one of the leading themes in these works. Financial implications of the post-deregulation phase in Australian agriculture were mixed as discussed by many scholars: (Vanclay, 2003; Gray & Lawrence, 2001; Argent, 2000; Lawrence, 1999; Miller, 1996). In summary, this transition protected Ag. Industry from policy distortion; it provided family farm

realised benefits through cross-border expansion; it caused a decline in the state financial support for farms; it commercialised the banks' farm credit policy- once a privileged option for farms, farms' financial dependency on off-farm partners was increased and farm financial crisis and stress evolved.

In a highly regulated era, the federal government expanded and extended Australian farm and agriculture through directives to financial institutions for longer-term loan to farms at concessional terms and lower interest rates, establishing financial institutions, such as Commonwealth Development Bank (CDB), and Primary Industries Banks of Australia (PIBA), and instruments, such as, Term Loan Fund (TLF) and Development Loan Fund (DLF. At that time, the foreign flow of capital to enter in the farming sector was fully controlled. Since 1983, things have started to change because of expansion to the global arena. CDB and PIBA were fully privatised, and these institutions are lending to farms at commercial terms. Capital flow in the farming sector has been freed from state control.

2.5.Post-deregulation stage in Australian farm and agriculture sector

The above post-deregulation pressures put Australian farms in a trap of "global misfortune" (Gray & Lawrence, 2001). Alternatively, since the late 1990s, Australian family farms and agricultural farms built a new financing tie with Managed Investment Schemes (MIS), a pool of funds developed by corporate sectors. The Australian Securities Exchange Commission, (ASIC, 2009) reports that in July 2009, there were 371 licensed agribusiness schemes of which 198 were forestry (plantations) and the remainder primarily horticultural. Approximately $8 billion had been raised from 75,000 investors since the introduction of the *Managed Investments Act* in 1998. Ironically, this new financing mix of Australian farm financing with MIS did not last long. Four major MIS schemes including Timber Crop, Great Southern Crop Willmont and Gunns were collapsed due to high transaction costs, poor management, and weak business structure (Larder et al., 2017).

The necessity for an off-farm equity market for Australian family farms emerged after the post-deregulation stage. In the early 2000s, access to sufficient external equity was identified as a limiting factor to Australian farms' expansion, profitability and even for accessing bank debt (Dwyer, Lim & Murphy 2004). Australian farmers, being

located in regional areas, have always been relied on banks debt without sufficient supply of off-farm equity capital which has caused farms' negative growth (Dwyer, Lim & Murphy 2004).

These risks and uncertainties may inhibit the farms' cash generating capacity and can create default risk if farms cannot service the bank loan as per loan covenant. Banks may then force farms' liquidation for the recovery of their principal and interest. This unexpected event may drive farmers out from their farms, which are their home as well as the site of their occupation (Kolstrup et al., 2013; Sartore, Kelly, Stain, Albrecht, & Higginbotham, 2008). Australian media reports how naively Australian banks handled banks' debt to farms and contributed to silent farm financial crisis, farms' foreclosure, and farmers' suicide (Mailler, 2015; Chenery, 2015; McCarthy, 2014; Francis, 2014; Huges, 2014; Jones, 2013). Other reports criticised Australian banks for being *harsh or unfair* and for not understanding farm business and raised concern for a public inquiry for *unconscionable* farms' banking practices (Bettles, 2017; Locke, 2016; Marshall, 2014**).**

Moreover, from a financial ecosystem perspective, over-reliance on debt is a threat to the balance of the whole financial system (Rolet, 2012). More alarming is that the largest share of bank debt coverage, 70% of total farm loans, is mainly held by the top 25% of Australian farm business (Heath, 2016). This means smaller units of farms either cannot access debt loans owing to insufficient security, or banks do not consider them as attractive due to their scale. Since the post-global financial crisis in 2008, this type of finance has become tougher for family farms due to banks stricter loan policies (Thiele, 2017). This trend is also evidenced in the Australian farming sector as the relative value of bank loan has declined to 120 % of annual agricultural production from 160%, even though the total volume of debt capital has not declined (Heath & Tomlinson, 2016).

The value of internal equity (land in this case) and farms' obligation arising from bank debt are interconnected and any fluctuation in lands value can on impact farms' financial conditions, especially in capital-intensive farms, cattle industry in particular (Mclean, Holmes & Counsell, 2014; Martin, Phillips, Leith, & Caboche, 2013; Gleeson, Martin, & Mifsud, 2012; ACILTasman, 2012). Land value is a determining

factor of farms internal equity as land assets are almost equal to 75% of farms internal equity. Some estimates suggest that cattle farms need to sustain a safety level of 85% of the internal equity, in the long run, to service the bank loan properly (Mclean et al. 2014). Any fall in the value of internal equity below this safety level may cannibalise farms' working capital and push farms to a likely default of losing internal equity (Mclean et al. 2014). Internal equity is by itself a finite source of capital and cannot help family farms to grow and increase scale (KPMG, 2015).

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Appendix 2: Off-farm Equity Market Requirements: A Review

1. Demand and supply side of off-farm equity

1.1. Demand side of off-farm equity

Family farms who want to access off-farm capital are the ultimate seekers of equity on the demand side. Family farms' sizes, preferences, and behaviours influence demands for equity. With regard to the demand to the side of off-farm equity, Collins and Bourn (1986), based on Capital Asset Pricing Model (CAPM), agreed that farms with high debt-asset ratios could access much higher off-farm equity. In the same vein, Collins, Lowenberg-DeBoer, Featherstone, and Leatham (1989), also found that farms with higher debt volumes can consume more off-farm equity. Their study also showed that even a new farm with lower debt could reap the benefits of economies of scale by injecting off-farm equity, but it a takes a relatively long time. Farms' demands for off-farm equity capital also derives from their tendency to diversify their investment portfolios as farms can invest their equity in other farming sectors if they have a surplus of internal equity. This has been evidenced in other research (McKinzie, Baker, & Tyner, 1987; Penson,1977). Others stated that demands for off-farm capital are sometimes driven by subjective attitudes of farms as they argue that a judicial mix of debt and off-farm equity is necessary to keep the farm' cost of capital under control. Empirical models, such as, maximization of expected present value over consummation, maximization of expected wealth in a dynamic environment with uncertain real estate, and maximization of expected wealth in a dynamic and risky environment, are also discussed in the literature (Lowenberg-DeBoer et al., 1989) that such models estimate the demands for equity capital, at least in aggregate equity (without any difference between of farm or off-farm equity sources).

Even though these demand determinations are based on US literature and aggregate analysis of farm and external equity, in the absence of empirical works in other settings, we believe that these have implications for understanding the family dominant farms' demand dynamics for off-farm equity in other economic settings Australia in our case. Furthermore, regarding capital needs to escalate farms' sizes and productivity, anecdotal research in Australian farming industry (ANZ, 2016; AgriFood

Skills, Australia, 2015) classifies demand of off-farm equity (family farms) into four groups: small, medium size, large commercial and corporate farms. Table 1 depicts some basic features of Australian family farms who have a demand for off-farm equity finance. One interesting observation of these features is that not all the farms have a desire and real strength to use off-farm equity. Commercial and corporate farms are in a better position to use off-farm equity while medium-size farms also have the potential for off-farm equity. Small farms are not viable for off-farm equity.

Table 1: Different types of Australian family farms, (ANZ, 2016; AgriFood.2015)

	Small size	**Medium Size**	**Commercial**	**Corporate**
Key features	- Lifestyle farming - Scalability neither desired not realistic	- family farms with enormous potential - The desire to grow and extend the size	- Already large-scale and sophisticated - Yet, family-controlled	- large scale family owned farm under a corporate structure - want to have geographic and commodity diversification
Proportion	50%	30%	18%	2%
Average Turnover	Less than $150,000	$150,000-$500,000	$500,000-$1.2M	greater than $1.2M
Financing Strategy	internal financing and off-farm income	Combination of debt and internal fund	debt, off-take agreement, getting ready for external capital partners	Use of debt and already using external equity partners
Asset class	Beef /sheep/cropping	Beef/sheep/cropping/ dairy/horticulture/forestry	Beef/sheep/cropping/ dairy/horticulture/forestry	Beef/sheep/cropping/ dairy/horticulture/forestry/mixed farming

1.2. Supply side of off-farm equity

As another significant actor in the off-farm equity market, investors have also attracted much attention in the farm and agricultural finance literature as suppliers of off-farm equity. Regarding the importance of addressing investors' attractiveness, one scholar (Raup, 1986) raised the question: "why would outside investors want to assume some of the risks of contemporary farming?" Investors' tendency to explore off-farm equity options is influenced by searching cost, farms' risk-return features, and

available institutional arrangements. Some literature emphasizes investors' requirements for off-farm equity (Mishra & Lence, 2005; Dodson, 1994 ; Lowenberg-DeBoer et al., 1989; Collins, 1988; Moss, Featherstone, & Baker, 1987; Boyette & White, 1987; Gertel & Lewis, 1980; Kost, 1968). In these works, authors opined that agricultural assets have many features, such as minimal systematic risk, the uncorrelated rate of return and risk with market portfolio, and consistent and comparable long-term returns, to motivate investors. This evidence is however based on the data of publicly traded agricultural asset using capital asset pricing techniques such as capital asset pricing model (CAPM) and arbitrage pricing techniques (APT). No stream of literature was identified in the family farming domain where the supply side of equity was counted using such a sophisticated tool.

2. Asset class and rate of return in off-farm equity capital market

Many scholars (Larder, 2015; Larder, Sippel, & Lawrence, 2015; Magnan, 2015; Isakson, 2014; Burch & Lawrence, 2009) in agricultural farms have addressed the emergence of financialization in primary agriculture and agribusiness value chain. These studies identified the active role of finance, financial actors, financial markets, and financial institutions in every aspect of agricultural value chains worldwide: food retailing (Burch and Lawrence 2009, 2013); food processing (Rossma 2009), grain trading (Murphy, Burch, & Clapp, 2012); determination of food prices and the distribution of agricultural risk (Martin and Clapp 2015; Bush, 2012; Clapp, 2014; Ghosh, Heintz, & Pollin, 2012); provisioning of agricultural inputs (Ross 2008); and the ownership and control of farmland (Fairbairn 2013, Highquest US, 2010, Cotula 2012). Table 2 summarises some potential Ag asset class which are available for investors across the global food and Ag value chain.

In the Australian context, the potential Ag. Investment class can be grouped into two types of assets class based on their current export contribution in Australian economy (Industry Super Australia, 2017; BDO, 2015). This two-asset class is processed and non-processes items. Unprocessed items include wheat, wool, cotton, oilseeds, barley, live animals, fruits, and nuts. Processed items include meat, beverages, milk, and sugar products.

Table 2: Agricultural asset across the Ag and food value chain, Valoral advisor (2017).

Upstream	Midstream	Downstream
Farmers and growers • Farmland, crop production • Livestock, fisheries, and aquaculture • Forestry, urban farming, and organic farming • storage **Input companies** • Seeds, crop protection • Fertilizer • Precision agriculture and irrigation system • Animal health, genetics, and feeds • Energy	**Processing and trading** • Commodity sourcing and handling • Animal protein (beef dairy, poultry • Biofuels, wood, and papers • Grains, wood, and wineries **Food companies** • Food ingredients, processing, and packaging • Bakery, snacks, and beverage • Vegetable protein, dairy processing, and meat packing	**Distributing and retailing** • Cold storage, bulk products • Supermarkets and groceries • Import/export • Private food/branded food **Consumers** • Urban and rural • Farm to consumer • Food labeling

2.1.Farm Land: Emerging agricultural asset class

Farmland is one of the hot agricultural assets around the world for institutional investors such as pension funds, and sovereign wealth funds, as well as non-institutional investors (Luyt, Santos & Carita, 2013; Daniel, 2012; Grain, 2011; Cotula, Vermeulen, Leonard, & Keeley, 2009). Metaphorically, farmland is compared with gold and now is known as "black gold" or "gold with yield" or "gold with coupon" (Fairbairn, 2014b). Farmland is categorically divided into two: arable land and permanent crops (Food and Agriculture Organization (FAO) of the United Nations, 2012). Lands that are ploughed for relatively shorter periods, i.e., less than five years, and that is mainly used for: agricultural crops, posture, mowing, market or kitchen gardens, are known as arable land (FAO, 2012). Permanent crops are on those lands that are used for the long-term cultivation of crops, and for planting trees, other than forest trees (FAO, 2012). Estimates show that the global universe of investible farmland value is $8.4 trillion of which only $1 trillion sizes of farmland has been

tapped by farms owners and investors (Macquarie Agricultural Fund Management (MAFM), 2012). Of this explored investment volume, $30-40 billion is owned by institutional investors while $70-$100 billion is held by non-institutional investors (MAFM, 2012). Institutional investors are the key players in farmland investment as their long-term sources of financing (liability structure in other words) well fits well with financing demands of agriculture.

The Australian rural land market is estimated at about 400 million hectares as at June 2015 (Australian Bureau of Statistics (ABS, 2017), and the lion percentage of this land is privately held. In the Australian literature, farmland has been considered as one of the rising Ag asset class in which institutional, corporate financial investors are investing a lot (Larder, Sippel, & Argent, 2017; Larder et al., 2015; Magnan, 2015; Sippel, 2015). The Australian farmland market has five features that can attract global investors (Larder et al., 2017): political stability, technological aristocracy in farming, strategic geographic fitness, open and export-oriented agricultural policy, and significant land value appreciation. Foreign investors are currently holding a great portion of farm ownership in Australian farmland. The UK, the US, the Netherlands, Singapore, China, the Philippines, Switzerland, Jersey, Indonesia, Japan are the top ten foreign investors (Industry Super Australia, 2017).

2.2. Investment rates of return for Australian agricultural assets

The average long-term rate of return in Australian agricultural asset are very competitive and are attractive for the potential investors in these sectors. Table 3 portrays the trend of long-term rate of return, 1980-2016, income component and capital appreciation component, in Australian agriculture (Industry Super Australia, 2017). The beef and wheat sector are the two most attractive choice for investors as each of the sectors generating annualized growth rate of 10.5% while the dairy sector shows an annualized return of 9.9% (Industry Super Australia, 2017).

3. Investors class in off-farm equity capital

3.1. Institutional investors

Traditional banks fall short of fulfilling the long-term financing needs of growth-oriented firms in different sectors in the economy due to two major distinct limitations of banking model: (1) an instantaneous commitment to depositors, and

(2) a changed role in the intermediation process after the neoliberalism era (Croce & Yermo, 2013). Thus, long-term lending financing has become more stringent for commercial banks due to stricter banking regulation stemming from Basel III after the financial crisis (Croce & Yermo, 2013). Like other sectors, huge long-term capital gaps emerged in the agricultural sectors due to this maturity mismatch. Institutional investors have emerged as an alternative financing vehicle to provide three types long term (at least for five years) capital: "productive, patient, and engaged" capital (Croce & Yermo, 2013). Çelik and Isaksson (2014) defined intuitional investors as an independent legal entity or a subsidiary or conglomerate of another bigger company that manages investors' money. Çelik and Isaksson (2014) have divided intuitional investors into three categories: traditional (pension funds, investment funds, insurance companies), alternative (hedge funds, private equity sovereign funds), asset managers.

Table 3: Rate on long-term investment in Australian agricultural assets class (Industry Super Australia, 2017)

Years	Return Component	Wheat and Other Crops	Dairy	Beef	All Industries
1980-1989	Yield Yield with Capital gain	7.1% 11.9%	5.7% 19.3%	4.3% 19.3%	5.5% 14.6%
1990-19999	Yield Yield with Capital gain	10.2% 11.9%	4.6% 8.8%	7.8% 8.0%	7.6% 8.0%
2000-2009	Yield Yield with Capital gain	6.1% 10.%	4.5% 9.0%	4.4% 0.3%	4.8% 9.9%
20101-2016	Yield Yield with Capital gain	3.8% 4.2%	3.0% 3.1%	2.2% 1.9%	3.2% 3.6%
1980-2016	Yield Yield with Capital gain	7.3% 10.5%	4.8% 9.9%	.0% 10.5%	5.7% 9.7%

The global size of these institutional investors is estimated at USD 73.4 trillion (traditional), USD 11.3 trillion (alternative) and USD 31.5 trillion (asset managers) (Çelik & Isaksson, 2014). Dominant OECD countries regarding institutional investors are: Switzerland, Netherlands, Denmark, UK, and Australia whereas

Hungary, the Czech Republic, Mexico, the Slovak Republic, Greece, and Turkey are in less dominant brackets. Of these, 38% of traditional institutional investment and 40% of alternative intentional investment are held by public equity. This thesis is more interested to unveil the private segment of institutional investment in farm and agriculture.

In the global farms and agricultural domain, the emergence of institutional investors including private equity funds, pension's funds, private investment companies, farmland investment management organizations (FIMOS) larger agribusiness firms and high net worth individual investors have been accounted for in a range of studies (Knott & Neis, 2017; Ouma, 2016; Magnan, 2015; Isakson, 2014; Fairbairn, 2014b; Luyt et al., 2013; Bergdolt & Mittal, 2012; HighQuest Partners, US, 2010). A recent report (Preqin, 2016) on agricultural fund investing pattern over 2000 investors identified nine types of institutional investors in agriculture/ farmland: pension funds are the largest investors with a share of 32% (20% public pension fund, and 12% private pension fund). Others included: endowment plans (14%), foundations (12%), family offices (6%), government agencies (6%), asset managers (5%), investment Company (5%), and other (20%). Another study on 58 funds (HighQuest Partners, US, 2010) also shows the same kind of institutional investors who are active in the agriculture and food value chain.

3.1.1. Private Equity (PE) fund

Private equity is clearly understood as an opposed to public equity. It refers to any equity capital provided by private investors to other private companies with a view a to earn normal and capital gain from that investment (Gilligan & Wright, 2014). Privet equity funds are a mechanism by which principal investors, also known as limited partners (LP), and individual find managers, also known as general partners (GP), develop a partnership for a limited time (Gilligan & Wright, 2014). Private firms injecting private equity improve their operational, financial, and strategic performance (European Private Equity and Venture Capital Association (EVCA),2009). Different institutional investors including private pension funds, public pension funds, foundations, insurance companies, investment banks, asset managers, family offices, government agencies, corporate investors, private equity

firm, sovereign wealth funds, and superannuation schemes and wealth managers are active as limited partners in private equity funds (Gilligan & Wright, 2014).

PE firms can be a useful source of long-term finance to farms and agribusinesses in given conditions where farms want to beef up the scales but struggle to get sufficient access to finance and liquidity (Aulisi et al., 2015). The farm and agribusiness financing discuss the emerging role of private equity funds in farms and agribusiness under the notion of food regimes because of neoliberalism, capital restructuring and financialization (Klimek & Bjørkhaug, 2017; Knott & Neis, 2017; Ouma, 2016; Burch & Lawrence, 2009). One review (Luyt et al., 2013) of equity funds in primary agriculture found almost 57 active cases of equity funding valued at USD22-24 billion invested in selected countries of two regions: Central and Eastern Europe (CEE) and Commonwealth independent states (CIS), over the period 2006-2013. For details, we refer to the review titled" Emerging investment trends in primary agriculture" (Luyt et al., 2013). The main focus of this investment was: agricultural land (0.2%) and arable land (0.4%).

Private equity funds are held by the investing firms from 3 to 10 years and are sold at profits to realise their invested capital (Gilligan & Wright, 2014; Gospel, Pendleton, Vitols, & Wilke, 2011). Global private equity under asset management stood at $2.49 trillion in 2016 (Preqin, 2017). The business model of PEF is, as explained in (Makhene, 2009) as follows: (1) making a pool of targeted capital from interested limited partners (LPs) for a certain period, (2) LPs do have limited liability and no role in management, and (3) GPs have unlimited liability and management authority and contribute capital (1-5%) to funds for a specific period. After maturity LPs will return the capital back to investors. Though there is no unique form of private equity (PE) management, a study (EVCA,2007) shows that there are three types of PE equity: (1) independent PE - is the most commonly found PEF in which capital are collected mainly from third parties, and no specific individual/organizational shareholder holds the majority stake- ; (2) Captive PE – is one in which one parent organization provides the total capital from its sources, and (3) semi-captive PE- is that form in which the largest amount of capital is collected from one particular parent organization and the other parts of capital are collected from third parties.

From the Thomson Financial SDC Platinum Venture Xpert data set, Mondelli and Klein (2014) reported a pattern of external equity injection in some selected economic settings around the world over the period, 1990-2010. Table 4 summarizes that during this period 163 agri-food companies from North America, 106 companies from the European Union, and 24 from Australia and New Zeeland accepted private equity. In addition, Daniel (2012) has identified 16-private equity deals in African farmland investment scape. In the Australian literature, Burch and Lawrence (2013) are some of few authors who academically studied private equity with the food chain. In this work, Burch and Lawrence raised the questions about the ethical business practices of private equity models. Thornton's private equity report (Grant Thornton, 2014) recorded 113 private equity deals during the 2011-2014 period in Australian agri-food chain. Of these deals, 22 originated from overseas, and 94 deals were from domestic sources.

PE investment in Australian agribusinesses is still under-represented due to the following factors: the conservative attitude of ownership retention of agribusiness farms by the family (Smyrnios & Dania, 2006); the 'keep it in the family' tradition of equity governance (Barbera, 2012); and the aptitude of unusual cash return expectations, usually three times that of PE investment multiples, of the PE investors (Deloitte, 2013).

Table 4: Private Equity flow in Ag asset class around the Globe (source Thomson Financial SDC Platinum Venture Xpert, adapted from Mondelli and Klein (2014)

Sector	North America	European Union	Australia-New Zealand	Total
Agricultural Inputs	35	31	1	67
Agricultural production	52	36	11	99
Agri. food processing	35	19	03	57
Wholesale	09	03	02	14
Service to agricultural production	32	17	07	56
Total	163	106	24	293

3.1.2. Pension funds

Pension funds are a public or private beneficial institutional mechanism, where employers and employees contribute, on the basis of employment contracts, to developing a pool of funds for the employees (Clark & Monk, 2014; Franzen, 2010; Bodie, Marcus, & Merton, 1988). All contribution are accumulated in a single fund which is then invested in capital markets and then participants are rewarded from the pension funds (Franzen, 2010). Two types of pension funds are observed: defined contribution (DC) pension funds and defined benefit (DB) pension funds (Franzen, 2010; Bodie et al., 1988). DC is a relatively simple pension fund where both employers and employees make a regular contribution for a specified period and claimants have their benefits accumulated in the account from total contribution and investment returns (Bodie et al., 1988). DB is a fund that is created form employees' deferred tax, which is placed under a trust and benefits are calculated based on claimants' social security, levels of salary and lifetime of service (Franzen, 2010).

Global accumulated assets under pension funds increased to USD 39.3 trillion in 2015 from USD21.3 trillion in 2004 (PricewaterhouseCoopers (PWC), 2016). Bond and equities have been the traditional choice of investment which has started to change in recent decades (PwC, 2016). The global financial crisis of 2008 profoundly affected pension fund portfolio creating $5.4 trillion losses mostly in OECD countries, as pension fund portfolio concentrated in equity securities were exposed to equity securities (MAFM, 2009). Due to the uncorrelated character of agricultural assets with other assets pension finds diversified their portfolio to farm and agribusinesses (Grain, 2012). Currently, the pension fund is the largest institutional investors in the agricultural sector of industrialized economies (Cotula, 2012). The total size of the global pension fund is US$32 trillion and US$5-15 billion is now invested in farmland (Garner, .2011). Table 5 outlines some pension fund investments in different parts of the world with different agricultural assets and farmland.

Introduced in 1993, the compulsory occupational pension system in Australia is known as the Superannuation system which currently holds a $2.2 of funds under management, covering pension contributions of almost 71% of the Australian

workforce (Nales, 2017; Inderst, 2014). The Australian Superannuation system consists of 481, 57 funds: 122 are corporate finds, 56 industry funds, and 39 public sector funds while funds for the retail sector is 135 and there are 481,538 funds with less than five members. The top 10 largest Australian superannuation funds are: Future Fund, Australian super, Q Super, First State Superannuation Scheme, State Super, UniSuper, Commonwealth Superannuation Scheme, Retail Employees Super Annulation Trust, Hesta Super Fund, and Sun super (Inderst, 2014). Ironically, this strong fund base contributes an investment of less than 0.5% to the $64 billion Australian farm and agricultural sector (Nales, 2017).

Contrary to Australian Super annotations, anecdotal and empirical works have recorded that some sizable foreign pension funds have invested in Australian farms and agribusiness including in farmland, crops, cattle, and the fish industry. Besides the deals mentioned in Table 5, over the period 2011-2103, Australian agricultural land attracted $1.5 billion of investment backed by US, Danish and Swiss pension funds (Craston, 2013). Besides these, the Australian almond production has received $115 million investment from Ontario Teachers' Pension Plan Board, Canada. In 2016, the Public-Sector Pension (PSP) fund, one of the largest Canadian pension fund committed to investing $500 million in Australian cattle and fish farms under joint venture partnership (Cranston, 2016).

The much empirical evidence is yet to confirm the reasons why Australian super funds are feeling less attractive towards Australian farms and agricultural investors. A survey done by BDO, Australia (2015) revealed some reasons for lower investment by Australian Funds in farms and agriculture: lower expected average return, less diverse Ag. The investable product, high searching cost, illiquid environment for Ag products, information gaps, lack of asset managers with agricultural knowledge, and higher management expenses in agricultural asset portfolios. However, criticism of poor returns in the farm and agricultural sector is challenged by the long-term return trend as depicted in Table 3. Another evidence by the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) farmland research also confirmed the annualized return of 10.27% on agricultural farmland,

which outperformed all other types of the asset class in the US over a long-term period, 1970-2016 (Goodreds, Ourso, & Park, 2017).

Table 5: Pension funds investment picture in global farms land and production (Grain, 2012)

Pension fund	**Fund Origin**	**Asset under management**	**Invested amount**	**Ag. Asset class**
Alecta pension Fund	Sweden	US$72.3 billion	Not revealed	Meat, dairy, sugar, beef: Russia
AP2 Second Swedish National Pension Fund	Sweden	Us$34.6 billion	US$500 million (1.4%)	Grain farmlands: US and Brazil
AP3: Second Swedish National Pension Fund	Sweden	US$28.8	US$ 38million (0.1%)	Farmland and grain production: Russia and Ukraine
APG: Netherlands	Netherlands	EU4240 billion	EUR 1billion (0.5%)	Latin America, New Zealand, Australia,
Ascension Health	USA	US$15 billion	$1.1 billion (7.5%)	farmland
Australian superfund	Australia	US$1.27 trillion	US$490 million (0.04%)	Farmland: Australia
AVWL	Germany	US$11.5 billion	US$100 million (0.9%)	Farmland: Australia, Brazil, and the USA
CalPERS (California Public Employees' Retirement System)	USA	US$231.4 billion	US$ 50 million	Farmland and crops: USA
Dow Chemicals	USA	Not revealed	Not revealed	Farmland: USA
Insight Management	UK	US$235 billion	US$1.6 billion	
IPERS (Iowa public retiree system)	USA	US$20billion	US$100 million (0.5%)	Farmland: North America
New Zealand Superannuation Fund	New Zealand	US$ 14.2 billion	US$ 407 million (3%)	Farmland: NZ and overseas
One US "state teachers fund" - CALSTRS?	USA		US$ 500 million - US$ 1 billion	farmland
PFZW Pension Fund for Care and Well-Being, formerly PGGM	Netherlands	EUR 90 billion	(0.3%)	farmland
PKA Pensionskassernes Administration	Denmark	US$ 25 billion	US$370 (1.5%)	Farmland reals, soybeans, fruits, vegetables, sugar,
TIAA- CREF Teachers Insurance and Annuity Association-College Retirement Equities Fund	USA	US$ 426 billion	US$3.1 billion (0.7%)	Farmland: Australia, US, Brazil and Poland

Much empirical evidence is yet to confirm the reasons why Australian super funds are feel less attractive towards Australian farms and agricultural investors. A survey done by BDO, Australia (2015) revealed some reasons for lower investment by Australian Funds in farms and agriculture: lower expected and average return, less diverse Ag. Investable product, high searching cost, illiquid environment for Ag products, information gaps, lack of asset managers with agricultural knowledge, and higher management expenses in agricultural asset portfolios. However, criticism of poor returns in the farm and agricultural sector is challenged by the long-term return trend as depicted in table3. Another evidence by the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) farmland research also confirmed the annualized return of 10.27% on agricultural farmland, which outperformed all other types of the asset class in the US over a long-term period, 1970-2016 (Goodreds, Ourso, & Park, 2017).

3.2.High Net Worth Individual (HNWI) investors

Initial public offerings (IPOs) and institutional investors, in a strategic partnership, may not incentivize family business owners to seek capital from these sources as this financing option may limit or reduce the control of family business whereas keeping the majority of control in the hands of family owners is a strong desire (KPMG, 2014). In this context, the HNWI can be an exciting alternative by giving them sufficient capital as well as to retain the family ownership. Researchers (Mason and Harrison, 1996; Landstrom, 1993; Riding 1993; Harr, Starr, & MacMillan 1988; Wetzel 1987; Gaston and Bell, 1986) conducted on private individual investors in the context of the US, the UK, Sweden, and Canada found the following features of private individual investors: That private individual investors are/have:

i. well-educated;
ii. experienced in the new ventures;
iii. a preference to invest in a syndicate formed with other investors;
iv. Investment holding period of 5-8 years.

Individual investors, especially, HNWI, appoint family office to take investment and wealth management services (Earnest Young (EY), 2012). A family office can be two types: a single-family office- the family which is created by single family and is

obligated to serve that family – and multi-family office- the family office which is created for advising a number of families (EY, 2012). Assets under management of single family office (3000 single family offices) in the US is estimated at $1.2 trillion while multi-family's (150 multi-family) assets are nearly $450 billion (EY, 2012). In Australia, there are 250 single family offices and some multi-family offices who are being used by wealthy individuals to professionalize their financial management (Family Office Connect (FOC), Australia, 2012). The Top 20 multi-family offices in Australian market have $177.48 billion of assets under management as at December 2012 (FOC, Australia, 2012). According to a Wealth insight estimate (O'Dowd, 2013), investment portfolios of Australian single-family offices are divided as follows: 21% in real estate 11% in retail and fashion, and 10% in basic materials. We, however, did not find any specific name of an agribusiness asset class in which family offices had invested. Yet, given the asset size of the family offices in the Australian and global contexts, it can be said that family offices are one of the potential candidates for off-farm equity investment.

HNWI investors, who take the advice of family offices, both with regards to domestic and international sources, have also given serious attention to the Australian farm and agribusiness asset class. Domestic HNWI investors, for example, who switched their investment to Australian farmland and agriculture include Kerry Stokes (Media Mogul), Brett Blundy and Gerry Harvey (retail kings), Gina Rinehart (mining magnates), and Andrew Forest (McCauley, 2015). Reports by McCauley (2015), based on Australian Financial Review, suggest that these HNWI investors focus mainly on Australian cattle and land covering $4.7 million in cattle, $80 million in dairy, $500 million in baby formula production, and $1.09 billion in retail and real estate. Based on international sources, reports in Australian media uncover the interest of foreign HNWI investors in Australian farms and agriculture. It is reported that Liu Yongaho, one of the richest man in China, prepares to invest $1billion in Australian agriculture from 2017 to 2020 (Courtney, 2017). AUK billionaire, Joe Lewis, (owner of football team Tottenham Hotspur) recently raised his shares in the Australian Agricultural Company (AACo) up to 37 % which is worth $350 million (Cranston, 2016). It is also rumoured in the media that another Chinese investor, Joel Chang, the founder of

Genius Link Asset Management (GLAM) is interested in investing $1 billion in Australian agribusinesses over the next three years (Corrs Chambers Westgarth Lawyers, 2016).

4. Alternative institutional forms in off-farm funding

Dodson (1994) is one of the first few authors in agricultural farm financing who raised the issue of institutional arrangements for the smooth flow of off-farm capital to family farms. Dodson mentioned three elements of better institutional arrangements: (1) willingness to access off-farm equity- an adequate number of farmers with positive attitudes towards off-farm equity participation; (2) ability to access off-farm equity- sufficient number of farm businesses with the required size and return to attract investors; and (3) intuitional arrangements – a platform that equilibrates farmers and off-farm investors at lower transaction costs. Other scholars (Collins & Bourn, 1986), contemporaries of Dodson, mentioned professional financial intermediator as another component of this institutional framework. Collins and Bourn (1986) also proposed a theoretical model arguing for financial intermediator to consider four issues regardless of an institutional framework to be considered for off-farm equity. These four issues are:

i. addressing principal-agent problem between family farms and investors;
ii. facilitating such off-farm equity instrument that will ensure liquidity to both farms and investors;
iii. investors protection in the events of farms' default or foreclosure; and
iv. fixing the taxation structure of off-farm equity arrangement.

Literature, of almost 15 years ago, on off-farm equity capital in farm business (Barry & Robison, 2001; Lowenberg-DeBoer et al., 1989), identified three categories of institutional arrangements in off-farm equity capital: (1) direct personal ownership of farm assets, (2) partnerships, and (3) direct ownership of firm assets by a corporation. Based on the conceptualization of Dodson (1994), some basic qualitative features of these intuitional arrangements are discussed in brief in the following section.

4.1.Direct ownership

Direct ownership, a commonly used method in the US, is deployed by off-farm investors to have outright purchase of agricultural assets: farmland and non-

land assets. The acquired farms are operated by hired farmers but are managed by the non-farm investors or any other professional farm management firms on the investors' behalf. On some occasions, purchased farms are leased back to farm owners. The searching cost of a suitable farm for the urban investors is relatively high. Diversifying investors' portfolios might be difficult as they might not have sufficient finance to purchase while parties to a transaction under this arrangement could struggle with liquidity owing to the absence of a ready market for the trading of farm assets.

4.2. Partnerships: Unlimited, limited, and corporate

Under this method, off-farm investors provide some forms of land and non-land capital including live stocks, equipment, and specialized management. Dodson (1994) mentioned three possible types of partnership: unlimited, limited and indirect limited partnership held by the incorporation of another partnership. Under unlimited (direct) partnership, off-farm investors, through intermediaries, bring management expertise into family farms and participate in farms' management with a commitment to share farms' losses in higher proportion relative to their contribution. In a limited partnership, by contrast, off-farm partners' investment is mainly in cattle feeding, citrus groves, and other farms, and the share of profit and loss is proportionate to their capital invested (Dodson, 1994). Corporate partnership family farms go public but take the risk of double taxation: at the individual level and the corporate level. Searching costs for all types of partnership are high as the negotiation process is complex due to the diversity of partners. Owing to the engagement of brokers in the middle and standardization issues, assets under direct partnership are less liquid than those limited partnerships. Regarding units of assets under, limited partnership, they are easily diversifiable because of the units of assets being smaller. While for the greater unit of assets, under the direct partnership, is less diversifiable.

4.3.Equity partnership

In a publicly listed setting, Collins and Bourn (1986) proposed three types of equity partnerships in US agriculture. First, a limited partnership between a commercial farm and an entity which is publicly traded. Under this mechanism,

farmers of commercial farms are general partners while the publicly traded entity is the limited partner. Limited partners select the general partners on the historical profitability and contribute proportionate capital of common entity's internal equity/ or asset. In exchange, limited partners, namely farmers, are due to pay part of the capital gain and the operational gain. Second, a limited partnership between a publicly traded real estate investments trusts (REIT) and farmers. REIT, as a limited partner, attempts to issue common equity for a pool of farmers. Finally, a quasi-equity partnership between farms and a publicly traded entity. The latter acquires farmland and leases it back to farmers.

Equity partnership through the public equity platform or quasi-public equity platform, even though, have been successful in some instances of US production agriculture (Atherton, 1972). Public domain of off-farm equity has steadily remained untapped by family farmers because of farmers' high floatation costs in the middle (Barry, Bierlen, & Sotomayor, 2000; Penson Jr & Duncan, 1981). Alternative modes of private off-farm equity capital, financing through land leasing, especially by large farmers, emerged in the US (Mondelli, 2011; Lowenberg-DeBoer et al., 1989). Currently, almost 50% of family farmers in the US and Canada access off-farm equity through leasing land (Mondelli, 2011). Nearly 50 % of US farmland and 40% of the UK's farms land are now under formal and informal lease agreements in which capital and land are transferred from one enabled partner to other needed partners (Ashby & Ashby, 2011).

In New Zealand, since, since the late 1970s, equity partnerships have been part of production agriculture until today. ANZ (2014) has counted almost 1000 equity partnership in different agricultural sectors including dairy, sheep, beef, cropping, and viticulture. In its featured article "Equity partnership: A look under the bonnet" ANZ (2014) outlines the basic features, benefits, critical success factors, modus operandi and challenges to off-farm equity partnerships. In its document, equity partnerships are loosely defined as a joint venture that develops pool resources, financial capital, expertise and other resources, from different individuals with different orientations. Equity partnership generates benefits both for farms and investors. Farmers' benefits include: increase in scales and efficiencies, ensuring

better performance, mastering farm management skills, expanding the current business without losing the outright ownership and diversification of agricultural risks

5. Off-farm investment models in practice

Recent developments around off-farm investors in production agriculture, food and agribusiness and farmland investment have shown several types of new institutional mechanisms. In the same line with that scholarly works, some contemporary empirical evidences (Sippel, Larder, & Lawrence, 2017; Magnan, 2015; Fairbairn, 2014b; Li, 2015; Luyt et al., 2013; Burch & Lawrence, 2013; Daniel, 2012; De Lapérouse, 2012; McMichael, 2012; Woodhouse, 2012; De Schutter, 2011; Burch &Lawrence,2009), off-farm investments in family farms - primary agriculture, food and agribusinesses value chain. These scholarly works show six models that have been used by off-farm investors globally while investing. Three common models are: (1) own –operate, (2) own lease-out, (3) lease operate. Three other less common models are: Operating Company (OPCO) and Property Company (PROPCO), active, and passive.

There are two fundamental differences between these two spatial kinds of the literature of institutional arrangements in off-farm equity financing, mentioned above: First, while previous literature mainly concentrated on US farm and agriculture, the recent literature off-farm equity has now spread all over the world-developed and developing economies. Second, the latest stream of literature depicts the flows of off-farm capital from four different domains as observed in Cotula et al. (2009) and Daniel (2012):

i. dominance of sovereign wealth funds, direct and indirect investment, in farms agriculture through equity participation;
ii. the emergence of foreign investment in farms and agribusiness by state-owned enterprises;
iii. evolving farms and agribusiness capital deals at the government to government levels, and
iv. origination of a mass private institutional investors group including agri. food companies, mutual funds, banks, pension funds, hedge funds, and private equity funds.

5.1. Own-operate model

Like direct ownership, the owner-operated model is a model through which off-farm investors (usually institutional) invest in agricultural land and production. Farms cannot hold ownership anymore. Investors are interested in purchasing motivated by financial perspectives as observed in (Fairbairn, 2014b): a long-term perceived growth potential stemming from higher population growth and associated food scarcity, and the value investing philosophy of investors, as investors apparently see much better long-term fundamental than those of financial assets. Investors expect higher returns of 20 percent (in combination with an increase in commodity prices and land values), but at the same time, they take the likelihood of higher risk stemming from higher price volatility (Fairbairn, 2014b Davies, 2011). Investors wishing to invest financial capital both in land and for production continuation use this model (Fairbairn, 2014b).

Return from this model may be a composite of productive and speculative component (Fairbairn, 2014b). In an empirical study, Magnan (2015) accounted for five different large-scale fund investments under the own-operate model from both domestic and foreign sources in the Australian agro-food sector. These five funds and their associated sizes are:

i. Macquarie Agricultural funds based in Australia with $AU1 billion,
ii. Sustainable Agricultural funds headquartered in Australia with $AU145 million,
iii. MH Premium which originated in the UK with $AU142 billion,
iv. First Australian Farm Land Fund which is situated in Sweden with $AU 100 million and
v. Rural Fund Management based in Australia with $AU300 million.

Sippel et al. (2017) also recorded two more deal under this mechanism: Hasad Australia, and Macuire Pastoral Fund.

5.2. Own- lease model

Under this model, investors acquire the targeted agricultural assets, mainly farmland and then rent it back to farmers (Fairbairn, 2014b). Investors generally take the advice of external asset managers to fix the share of rental income and income from capital appreciation (Fairbairn, 2014b). Producers struck by financial

difficulties and prior debt servicing obligations may opt for this kind of financing option (Isakson, 2014). On the other hand, investors sometimes want to gain from price increases of the land, rather than agricultural production; and they sometimes look to cultivate flex crops to diversify their portfolios (Borras Jr, Kay, Gómez, & Wilkinson, 2012; McMichael, 2012) cited in Isakson (2014). With these intentions in mind and driven by long-term return strengths of farmland, investors use this model (Fairbairn, 2014b). This conservative strategy used by investors is the true reflector of their financial assets, motives of farms land (Fairbairn, 2014b). Sippel et al. (2017) and (Magnan, 2015) have empirically explained how this investment model has been applied in the Australian farming sectors by Laguna Bay Pastoral and Westchester Agricultural Asset Management respectively for deals worth A$250 million, and $US 2billion.

5.3. Lease -operate

This is a mechanism under which investors first take lease the farmland from farmers and then finance the leased land for production (Sommerville & Magnan, 2015; Fairbairn, 2014a). This arrangement is considered to be more productive for the farming sector in the sense that investors actively engage in the production process, rather than just grabbing ownership (Sommerville & Magnan, 2015). Owing to the investors' direct and active engagement, this model is one of the riskiest approaches as it entails both production risks and commodity price risks (Sommerville & Magnan, 2015). Investors also find it as problematic in the case of mega investment projects where it is difficult to coordinate labour across different orientations and different geographies (Sommerville & Magnan, 2015; Magnan, 2012). Investors wishing to have access to only agricultural production, rather than ownership of land, may become more interest in using this model (Fairbairn, 2014b). In terms of risk versus return for investors, this is ranked the top model (Fairbairn, 2014b). This strategy is mainly based on the investors' speculative tendency around farms' crops values, rather than farms' land values (Isakson, 2014).

5.4. OPCO - PROPCO model

This is a mechanism through which agricultural assets are repackaged, and a separate new entity is created for facilitating investors and farms (Isakson, 2014; Burch

& Lawrence, 2013). Property company (PROPCO) is created to own the land (or any other assets) being sold and to work as a lessor of the capital asset while operating company (OPCO) is created to continue the production. Burch and Lawrence (2013) and Isakson (2014) have explained how a private equity consortium took over the UK based Somerfield supermarket using OPCO-PROCO. To their works, PROPCO can help both investee farms/firms and investors. Investees can avail themselves of additional loans from other sources thereby keeping the asset as mortgage, while investors can assess the market value of the assets. The OPCO-PROPCO model also facilitates separating the use and market value of the farmland (Fairbairn, 2014b).

5.5. Passive investment model

The passive investment mechanism is one of the highest recommended models to minimize investors' concerns for farms' production and management risk (AuxVenture, 2014). Agricultural investment underpins production risks originating from climatic and economic variability and the risks of managing the farm businesses. Investors also cannot fully rely on the advice of their advisors. Driven by these forces, investors remain concerned about losing their invested capital, and they feel less secured to invest in this sector (AuxVenture, 2014). Passive investment model works under the following conditions: investors invest their capital with a commitment from farms that investors will be given a fixed rate of return on farm production and additional capital appreciation benefits. Investors may also exit from the investment after a certain period. On the other hand, farms remain with farm business as producing and managing agent of farms' production as they have ample experience in farm businesses. This model makes both farms and investors happy.

6. Off-farm equity models in practice in Australia

In Austrian farms and agriculture, off-farm equity is currently deployed in a range of structures, see Table 6. All of the structures mentioned, leasing is the most common and is commonly understood by stakeholders (KPMG, 2015). Other structures are still at an immature stage (KPMG, 2015). Table 6 implies some relevant facts and barriers to the off-farm equity structures mentioned.

However, the bottom line is that no unique types of equity structure can satisfy all of the farms' and investors' expectations. Rather, a combination of different options

of equity models might serve the ultimate purpose of off-farm equity users and suppliers.

Table 6: Different off-farm equity models used in Australian agriculture

Structure	**Overview**	**Trend**	**Source of Conflict**
Leasing	Involves terms of 3 to 5 years with a set annual fee (approximately 3% to 5% of the underlying land value)	Common	The conflict between the land and operating entities regarding land care and improvement
Share Farming	Involves sharing farm profits between the landowner and farm manager.	Common	The conflict between the land and operating entities regarding land care and improvement
Joint Ventures (Equity Partnership and co-Investment)	involve a combination of off-farm equity, manager equity, and debt finance through a partnership, trust or company structure that owns and operates the business and share profits	Limited	ensure alignment between off-farm investors and managers
Asset management	Asset management involves the provision of off-farm equity that is under the control of a 'manager.'	Increasingly common	The conflict between the off-farm equity investors and the manager through aligned remuneration models
Public ownership	Involves off-farm equity sourced through a company listed on a publicly traded share exchange from retail and institutional investors	Limited Use	Strong alignment between land and operating assets
Managed investment schemes (MIS)	A variety of structures based on collective investment in a common enterprise.	Decreasing in popularity	Good governance

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Appendix 3: Comparative picture of institutionalism

Institutionalism	Key feature/ main focus	Institutional elements	Basis for decision	Theory linkage
Realist institutionalism	Ensures basic principle before starting operation	Trust and Agreement of actors (institutions)	Relations and networks of actors	Realist theory
(Modern) Sociological institutionalism	Societal, cultural and ideation issues, such as supra-societal, supra-state, or supra-societal issues determines the norms of institutions or actors.	Cognitive and normative scripts, moral temples, and symbol system of actors exert influence	Heuristic actions of actors (organisation/ country)	Organisational theory, such as institutional logic theory
Historical institutionalism	Big question and issues of wide interest within specific place, time and context determine the norms of institution or actors.	Conjunction of context, events, and processes in one or different society or country	Self-reproducing sequences sets path or trajectory.	Institutional Path dependence/ institutional lock-in theory
Political/ economic institutionalism	Answers to the nature of powers and focus on casual role of political institution (actors) on political out come and process.	process/system/ structure of actor	Rule/ system constructed by actors	State centred theory
Organisational intuitionalism	Explores the perspectives of institutionalists regarding the behaviour of organisation/ institutional and institutional processes	Rules , norms, and ideologies of wider society	Regulatory, social and cultural forces	Plethora of theories: Institutional isomorphism, institutional logics, institutional lock-in, and institutionalisation theory.

Prepared from the extant literature on institutionalism

Appendix 4: Representative quotes for board and reporting formalization and in formalization

Board Formalization	**Panel A:** with the big institutional they're always going to want that board (formal) structure. **Panel A:** Now it's (a successful farm who already collected equity) the largest private cotton grower in Australia, what it has done is it has a formal Board with independent directors with the accounts audited, it's got a CEO, a CFO. So it's very investable. **Panel A***:* we often see the board type creation where you have institutional or large sophisticated investment participants **Panel A:** it (the board) will be somewhere independent; it will be run by an external facilitator;
Board In formalization	**Panel A:** in the smaller co-investment opportunities, so in the mid-range and the midrange is sort of about 10 million to 50 million bracket, I don't know that a board is necessary, what I think is quite effective is that external advisory board". **Panel B**: my preferences are to not have independent or external board members, because you know, I guess we would prefer to be running our operations ourselves **Panel A:** With private investors and family offices and stuff you don't actually see the board structure. It's pretty rare. **Panel A:** you do not need necessarily have the full time board that is really expensive. You can have non-executive directors **Panel A:** we argue that it doesn't have to be a formal paid structured board it could be an advisory committee and they provide confirmation of the budget, the planning and the strategic planning process
Reporting complexity	**Panel A: thee** institutional investors and even some of the corporates want to have look consolidated financial records of 3-5 years **Panel A:** It is not a simple reporting; it is understanding and forecasting what the business can offer within next 10 years **Panel A:** I think that the transparent real time data reporting will become a straight forward requirement of wholesale institutional investment in any agriculture. **Panel A:** In big cases, they might be reported quarterly and certainly the reporting is usually around the productivity driver **Panel A:** I don't see quarterly reporting in the investment structures unless you're in the institutional end and you've got a board structure and a more corporatized structure **Panel A:** I have not seen any farm from medium to large, especially in beef, that they do have financial reporting that are sophisticated enough to attract the private equity farms.
Reporting Simplicity	**Panel A:** business plans sort of things and the financial history documents it should be on the table to attract the investors **Panel A:** there might be a P and L, the balance sheets wouldn't be reported in smaller scale, middle low tier investment more than once a year. **Panel A:** just providing half yearly or annual management figures and then the accountancy sort of reports for the annual tax. That would be more common **Panel A:** outside of the formal structure of reporting there is informal communication between investors and farms

Appendix 5: Representative quotes for governance practices- control and exit strategy

Governance Components	Statement by Panel A	Statement by Panel B
Ownership and Control	• Corporate investors want 50 -50 ownership, Control tolerance depends on the level of return, and each investor is different • Day to day control should be at farm level, and strategic control should be at board level • Some farms want to sell the ownership while some other want to keep it, every farm are different, it depends on deal and case by case • Ownership structure may be tweaked by farm advisor by consulting with all • Control should be commercially pragmatic: more equity, less control	• The compromising attitude in control: majority right to investors in the board and majority rights to investors in decision making(large farms) • No interference of investors in the decision making • Do not want to lose control more than 50 percent over operations for too much equity (small farm) • Want to sacrifice up to 90 % control for right investors, like a pension fund, in exchange for keeping control on strategic and management issues • Not worried about control (Small farm)
Exit Strategy	• Board charter will reflect, exit strategy to be fixed at the upfront, • the capital exit strategy will be fixed in later in pure long-term equity (more than ten years) • flexibility in exit option is required as the commodity / price/exchange risk emerge, • the contingent event that causes exit must address in the shareholder agreement, • the exit must reflect both parties interest • exit option should be locked for at least five years in external equity plan • developing a contingency plan for exit option in three ways: selling a part of the business, borrowing to pay investors and doing some capital replacement	• locking exit for some certain period (up to 10 years) (large farm) • dealing with right and culturally aligned investors to avoid exit, for example, PE investors has a quick exit strategy, but institutional investors wait for 20 years • exit between 5 -10 years (small farms) • maintaining a standard methodology (small farm) • case by case
Equity arrangements and investor types	• **Equity Model:** Joint Venture Model, Co-Investment Model, Passive Equity Model • **Investors Types**: Institutional Corporate, Private Equity, High net worth individuals • **Investors source**: Asian (Chinese), North American, European, Canadian • **Equity Size:** Large, Medium, and small • **Investors Sophistication:** based on origin • **Investor Approach:** Direct Vs. Indirect • **Risk and Return:** yield and capital return • **Equity Time horizon:** longer period, 20—50 years • **Cultural affinity:** same cultural settings •	• **Equity Model:** 50-50 JV, 50 -0 equity partnership, offtake and passive equity • **Equity Partners:** Institutional, private individual investors • **Expected size:** Larger size • **Strategic choice: access to** capital, global distribution network, export, processing, and supply chain network, risk sharing, skills, machinery and technology • **Equity duration:** 10 years plus, 5-10 years and deal by deal • **Equity origins**: domestic, foreign, deal by deal • **Cultural affinity:** same cultural settings

Appendix 6:

Semi-Structured (in-depth) interview guide for family farms

Project Title: *External Equity Capital in Financing Australian Farming and Other Agribusinesses: Governance and Disclosure Issues*

***Question 1*:** Please tell me about bank-based and internal equity finance in meeting your farm's and agribusiness financing needs. (Benefits/limitations)

***Question 2**:* Other than the above two types of financing, what other types of capital arrangements are you using or looking for? Why? (Investment partner/risk and return choices/ management and ownership preference)

Question 3: Please, give some details about the business plan of your farm. (Before and after external equity)

Question 4: Please tell us about the key business and financial information of your farm or agribusiness that you deliver to your investment partner before and after taking the external capital. (Contents/channels/frequency/ target groups)

Questions 5: Please tell me about the management and ownership structure of your farm and agribusiness. (Before equity injection and after equity injection)

Question 6: How do you control and take regular and strategic business decisions about your farm and agribusiness? (Before and after equity)

Question 7: What mutual commitment, responsibilities, and obligations, of both you and your investment partners, are necessary for making external equity investment happen?

Question 8: Could you please tell me some other elements of professional management and governance of your farm that has boosted your reputation in the market.

Question 9: Is your farm facing any barriers/ problems in the current form of ownership/management in attracting capital from external investors? Please give the details.

Questions 10: Please share with me your experience of using external equity capital investment in your capital structure. (Benefits/ challenges/ some names of investors)

Appendix 7:

Semi-structured (in-depth) interview guide for farm advisors

Project Title: *External Equity Capital in Financing Australian Farming and Other Agribusinesses: Governance and Disclosure Issues*

Question 1: Please, tell me your current understanding regarding external equity capital environment for Australian farms and other agribusinesses?

Question 2: What are the key sets of information (business and financial) the external equity investors want from the Australian farms and agribusinesses before and after making external equity investment decisions? (For decision making for investors)

Question 3: How do the farms and agribusinesses transmit (report) their key financial and business information to the investors at the time of, and after, the external equity investment?

Question 4: What business planning attributes are required to ensure the investment readiness of the farms and agribusiness?

Questions 5: Please tell me about the ownership structure of Australian farms and agribusinesses and how it influences the external equity investors' decisions?

Question 6: How do the Australian farms and agribusiness make the decision to seek external equity investment? (Transparency/accountability issues regarding the decision)

Question 7: What are governance practices/management framework for Australian farms and agribusinesses that secure external equity?

Question 8: What are the retail and institutional investors (domestic and foreign) expecting from farms and agribusinesses for their capital investment? (E.g. expectations relating to return risk and management)

Question 9: Please share some examples/names of farms and investors involved in or seeking external equity capital arrangements in Australian farms agribusiness. (Domestic and Foreign- individual and institutional)

Question 10: As an industry advisor, what can you do/suggest to improve the governance and disclosure capability of farms and agribusiness?

Appendix 8: Ethics approval

OFFICE OF RESEARCH
Human Research Ethics Committee
PHONE +61 7 4631 2690| FAX +61 7 4631 5555
EMAIL ethics@usq.edu.au

24 August 2015

Mr. Mohd. Mohsin
2/166 Drayton Rd
Toowoomba QLD 4350

Dear Mohd.

The USQ Human Research Ethics Committee has recently reviewed your responses to the conditions placed upon the ethical approval for the project outlined below. Your proposal is now deemed to meet the requirements of the *National Statement on Ethical Conduct in Human Research (2007)* and full ethical approval has been granted.

Approval No.	**H15REA180**
Project Title	External equity capital in financing Australian farming and other Agribusinesses: Governance and disclosure issues
Approval date	24 August 2015
Expiry date	24 August 2018
HREC Decision	**Approved**

The standard conditions of this approval are:

(a) conduct the project strictly in accordance with the proposal submitted and granted ethics approval, including any amendments made to the proposal required by the HREC

(b) advise (email: ethics@usq.edu.au) immediately of any complaints or other issues in relation to the project which may warrant review of the ethical approval of the project

(c) make a submission for approval of amendments to the approved project before implementing such changes

(d) provide a 'progress report' for every year of approval

(e) provide a 'final report' when the project is complete

(f) advise in writing if the project has been discontinued.

For (c) to (e) forms are available on the USQ ethics website:
http://www.usq.edu.au/research/ethicsbio/human

Appendix 9: Information sheet

University of Southern Queensland

Participant Information for USQ Research Project Interview

Project Details

Title of Project: External Equity Capital in Financing Australian Farming and Other Agribusinesses: Governance and Disclosure Issues

Human Research Ethics Approval Number: **H15REA180**

Research Team Contact Details

Principal Investigator Details

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Description

This project is being undertaken as part of a PhD Project. The purpose of this project is to explore and address the governance and disclosure best practices for Australian farming and other agribusinesses seeking the external equity capital.

The scope of the Project: In unlisted settings, the most commonly used farm business structures in Australia are: sole traders, subsidiary, companies, joint ventures, partnership, cooperatives and managed investment schemes. In this study, these categories are referred to as unlisted farming and agribusiness companies. The

unit of study of this thesis will be the Australian agribusiness farms that are involved in the beef value chain from cattle production to distribution. Queensland beef industry, especially based in Northern NSW and Southern Queensland of Australia, would be prioritized in the study.

Project Importance: The traditional debt dominated Australian farm financing model has gradually been getting inefficient in providing adequate finance for the expansion and innovation of this sector.External equity is emerging as an alternative source of finance. Large-scale external equity investment in this sector is still extremely limited. This research addresses the exploration of adopting appropriate governance and disclosure standards with a view to promoting the external equity capital for this industry.

The research team requests your assistance because you are engaged in Australian farming or other agribusinesses and your valuable opinions will assist the project to be successful.

Participation

Your participation will involve contributing your thoughts and ideas in the interview will take approximately 60 minutes of your time. The interview will take place at a time and venue that is convenient for you.

Questions will include: What problems are Australian farms and other agribusinesses facing traditional financing? What could be the alternative choice of financing? What are the main barriers to external capital? What are the investors are looking for from farms? How can the market intermediaries help in farm financing and investing?

Your participation in this project is entirely voluntary. If you do not wish to take part, you are not obliged to. If you decide to take part and later change your mind, you are free to withdraw from the project at any stage. You will be able to withdraw data collected about yourself after you have participated in the interview. If you wish to withdraw from the project, please contact the Research Team (contact details at the top of this form).

Your decision whether you take part, do not take part, or to take part and then withdraw, will in no way impact your current or future relationship with the

University of Southern Queensland or your farm. You have the opportunity to know about the outcome of the research. In this connection, a summary report will be sent to your email. The report will also be available on the website: http://eprints.usq.edu.au/view/type/thesis.html, of USQ as e print version, once it will finally approve by the research office of the university.

Expected Benefits

It is expected that this project may directly benefit all participants by bringing together the knowledge and experiences of all key parties involved in external equity financing of Australian farms and other agribusinesses. The outcomes of this research will be shared with the participants. It may help in forming the basis of guidance on governance and disclosure for farms and other agribusinesses seeking external equity finance. It may also provide some policy decisions.

Risks

There are no anticipated risks beyond normal day-to-day living associated with your participation in this project.

Privacy and Confidentiality

All comments and responses will be treated confidentially unless required by law.

- After the interview, you will receive a copy of the transcribed interview and you will have the opportunity to verify your comments and responses prior to final inclusion.
- The audio recording will be stored in a secure data storage at USQ.
- The research team (investigator and his supervisors) will have access to the recording. Also professional transcribers from Pacific Transcription Institute may be involved in the transcribing of the recording. Pacific Transcription adheres to the Australian Privacy Principles and conforms to university contractor agreements. To protect your privacy and ensure confidentiality, interview audio and transcriptions will not be made available to others at any time.

- If you wish to participate in the study without voice recording, please advise the investigator. In this case, the interview may take longer as the researcher will need more time to take notes during the interview.
- The data would be used for more expensive research. The data will also be shared with other research for a collaborative research. The identity, opinions, and the names of the participants will be kept in strict confidence.

Any data collected as a part of this project will be stored securely as per University of Southern Queensland's Research Data Management policy.

Consent to Participate

We would like to ask you to sign a written consent form (enclosed) to confirm your agreement to participate in this project. Please return your signed consent form to a member of the Research Team prior to participating in your focus group.

Questions or Further Information about the Project

Please refer to the Research Team Contact Details at the top of the form to have any questions answered or to request further information about this project.

Concerns or Complaints Regarding the Conduct of the Project

If you have any concerns or complaints about the ethical conduct of the project you may contact the University of Southern Queensland Ethics Coordinator on (07) 4631 2690 or email ethics@usq.edu.au. The Ethics Coordinator is not connected with the research project and can facilitate a resolution to your concern in an unbiased manner.

Thank you for taking the time to help with this research project. Please keep this sheet for your information.

Appendix 10: Consent form

University of Southern Queensland

Consent Form for USQ Research Project Interview

Project Details	
Title of Project:	External Equity Capital in Financing Australian Farming and Other Agribusinesses: Governance and Disclosure Issues
Human Research Ethics Approval Number:	**H15REA180**

Research Team Contact Details

Principal Investigator Details

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Supervisor Details

Professor Julie Cotter
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Telephone: (07) 4631 2916
Mobile: 0488 555 349

Statement of Consent

By signing below, you are indicating that you:

- Have read and understood the information document regarding this project.
- Have had any questions answered to your satisfaction.
- Understand that if you have any additional questions you can contact the research team.

- Understand that you are free to withdraw at any time, without comment or penalty.
- Understand that you can contact the University of Southern Queensland Ethics Coordinator on (07) 4631 2690 or email ethics@usq.edu.au if you do have any concern or complaint about the ethical conduct of this project.
- Are over 18 years of age.
- Agree to participate in the project.

Participant Name	
Participant Signature	
Date	

Please return this sheet to a Research Team member prior to undertaking the interview.