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THE IMPACT OF SUCCESSION PLANNING ON AGRICULTURAL INVESTMENT IN KIRKWOOD, EASTERN CAPE, SOUTH AFRICA

By

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ABSTRACT

Succession plans are essential for ensuring the continuity of agricultural businesses. The next generation may be unsure about how to proceed with the farming operations, and they could be compelled to sell if an agreement cannot be reached. Succession planning involves a deliberate process of identifying, preparing, and grooming or training potential successors for future agricultural and asset management roles. To guarantee the survival of farming operations after the founder's retirement, having a succession plan is crucial. Considering this, the study examined the impact of succession on agricultural investment in Kirkwood, Eastern Cape, South Africa. The specific objectives include examining how factors related to implementing succession plans correlate with farm sustainability measures and financial key performance indicators, as well as identifying the main challenges in succession planning and analysing their connection to investment patterns and successor readiness.

Google Forms and a face-to-face questionnaire were administered to seventy-six respondents, including farm owners, potential successors, and managers involved in succession planning, using purposive sampling methods. Analytically, descriptive statistics and regression analysis were employed as estimation techniques to achieve the research objectives and test the hypotheses, respectively. Descriptively, the study found that the implementation of succession planning affects a farm’s sustainability and financial outcomes in Kirkwood, Eastern Cape, South Africa. The study suggests that the implementation of succession planning has a positive impact on and contributes to the farm’s sustainability and financial outcomes in Kirkwood, Eastern Cape, South Africa. Furthermore, it was established that the primary barriers/challenges affecting effective succession planning, investment decision, and successor preparedness are financial constraints, interest from the younger generation, family conflict, and resistance from the current owner. The study concludes that, based on the regression analysis, succession planning has a positive and significant effect on agricultural investments. Therefore, succession planning can involve the younger generation with decision-making, critical thinking, and investment analysis as a wake-up call for the successor. Hitherto, governments have been encouraged to provide a business-friendly environment with maximum infrastructure that can facilitate the smooth operation of agricultural investments. This is imperative to achieve food sufficiency in Kirkwood, Eastern Cape, South Africa.

Keywords: Succession Planning, Agricultural Investment, Mediating Variables, and Sustainability

DECLARATION

I Mpontsheng Olive Nyamutsambira, declare that the dissertation submitted by me for the Master's in Business Administration degree at University of Witswatersrand is my own independent work and has not previously been submitted to another university/faculty.

DEDICATION

This thesis is dedicated with love and gratitude to the three pillars of my life:

To my husband Kudakwashe Nyamutsambira, your unwavering support, patience, and belief in me gave me the strength to keep going, even during the most challenging times. Thank you for being my constant source of encouragement and calm. To my mother Masantho Roseline Masilo, your sacrifices, wisdom, and unconditional love have shaped the woman I am today. Your strength continues to inspire me every day. To my sister Rorisang Lesego Masilo, thank you for always being there with words of motivation and acts of kindness. Your faith in me never went unnoticed.

This achievement is as much yours as it is mine.

ACKNOWLEDGEMENTS

First and foremost, I give all glory and honour to God Almighty. It is through His grace, strength, and guidance that I have been able to persevere and complete this journey. In times of doubt and challenges, His presence provided me with clarity, peace, and unwavering determination.

I would like to extend my heartfelt gratitude to my supervisor, Dr. Ademola E. Ayodele, for his invaluable support, guidance, and encouragement throughout this research. His insight, patience, and commitment to academic excellence have significantly contributed to the quality and completion of this thesis. I am truly grateful for his mentorship and dedication.

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CHAPTER ONE

1.0 INTRODUCTION

This chapter introduces the purpose and background of the study, describes the research problem, objectives, and questions, and discusses the study's rationale, importance, and boundaries. The chapter ends with a summary of the dissertation's layout.

1.1. Background of study

Globally, succession planning is essential for maintaining continuity in family-owned businesses and securing their long-term financial and non-financial success after leadership changes (Agbim, 2019). In developed economies, succession planning in agriculture has gained increased research attention, mainly due to concerns about the aging population of farm owners and the declining interest of younger generations in farming (Glauben, Tietje, & Weiss, 2009).

Succession in agriculture is especially complex because it often involves transferring land, an invaluable asset, along with the farm's business operations. In countries like the United States and European nations, structured succession plans and government policies support passing farms to younger generations (Gasson & Errington, 1993). These regions recognize that without proper succession, agricultural sustainability and rural economies may be at risk (Gasson & Errington, 1993).

Agriculture plays a vital role in South Africa's economy, especially in employment, rural development, and food security. While the sector contributes about 2-3% to the national GDP, its influence reaches much further, supporting other key areas such as trade, employment, and infrastructure development (Statistics South Africa, 2021).

The South African agricultural sector is among the largest employers, providing jobs to over 5.5% of the labor force, which amounts to about 800,000 people (Fuchs & Keizer, 2019). In rural areas, farming serves as a main source of income and sustenance for many families, supporting broader socio-economic stability (Fuchs & Keizer, 2019). Farming makes a significant contribution to the South African economy by creating jobs and promoting rural development (Statistics South Africa, 2021). However, many farms fail after the founders pass away due to a lack of succession planning (Gasa, 2018). Proper succession planning helps ensure the future stability of these farms and

influences important decisions, such as investments in technology, land, or crop diversification (Rodriguez-Lizano et al., 2020).

1.2. Research Problem

The sustainability of family-owned farms in South Africa is increasingly threatened by inadequate or poorly organized succession planning. The problem extends beyond leadership changes, involving the loss of crucial knowledge, relationship capital, and financial decision-making skills that underpin farm performance. Many family farms collapse or experience significant declines in productivity and investment following the death or departure of a key founder, primarily due to the lack of formal succession plans (DeMarea & Rowe, 2020). This lack of succession planning persists due to several factors, such as limited awareness of its importance, resistance from founders to relinquish control, lack of successor readiness, and weak institutional support. As a result, farms experience lower investment confidence, operational disruptions, and intergenerational conflicts. The ripple effects include decreased farm productivity, reduced agricultural investment, and broader economic impacts on rural communities that rely on farming. This study, therefore, explores how implementing succession planning affects agricultural investments, financial performance, and long-term sustainability in family-owned farms in the Kirkwood area.

1.3. Main Research Question:

"To what extend does succession planning implementation influence agricultural investment decisions, financial performance and long-term farm sustainability in family-owned farms Kirkwood in the Eastern Cape, South Africa?"

1.4. Research Questions

- How does the implementation of succession planning impact farm sustainability and financial performance?
- What are the major challenges affecting effective succession planning, and how do these challenges influence investment decisions and successor readiness?

1.5. Research Objectives

- To assess how succession plan implementation factors impact farm sustainability measures and key financial performance indicators.

- To identify the most significant challenges in succession planning and analyse their impact on investment patterns and successor readiness.

1.6. Rationale

The rationale for this study stems from the observed decline in the sustainability of family-owned farms in South Africa, attributed to inadequate succession planning. As farm owners age, the absence of a clear transfer plan threatens agricultural productivity, economic stability and generational wealth preservation. This study aims to provide empirical insights into how succession planning practices affect agricultural investment and business continuity within family-owned farms in Kirkwood.

1.7. Delimitations of the Study

- The study will focus exclusively on family-owned farms in the Kirkwood region of the Eastern Cape, thus excluding other geographic areas and types of agricultural farms.
- The study will examine the relationship between succession planning and agricultural investment decisions, excluding other factors such as environmental or market conditions that may also affect farm productivity.
- The study will target farms that have implemented or are in the process of implementing succession plans, excluding those without any formal or informal succession strategies.

1.8. Assumptions

The following assumptions have been made to guide this study:

- Accuracy of Respondent's Information: It is assumed that farm owners and stakeholders will provide accurate, honest, and comprehensive data regarding their succession planning and agricultural investment practices.
- Impact of Succession Planning on Investment: It is assumed that a direct relationship exists between having a formal or informal succession plan and making agricultural investment decisions. Farms with clear succession plans are expected to invest more due to less uncertainty.
- Representativeness of the Sample: It is assumed that the farms chosen from Kirkwood will represent similar family-owned farms in South Africa, making the findings relevant to other rural farming communities.

1.9. Significance and Contribution of the Study

This research contributes to both academic and practical fields. Theoretically, by applying the Resource-Based View (RBV), it improves understanding of how intangible resources such as knowledge transfer, relational capital, and leadership ability impact investment and sustainability in agricultural succession. Practically, the findings provide valuable guidance for family farm owners in creating structured succession plans that ensure business continuity and draw investment. From a policy perspective, the insights offer direction for agricultural policymakers and financial institutions to develop succession support frameworks and targeted funding mechanisms aimed at enhancing rural economic resilience.

1.20. Overview of the Research

Chapter 1: Introduces the study, outlining the background, research problem, objectives, rationale, and significance.

Chapter 2: Reviews literature and theoretical foundations, leading to the conceptual framework and hypotheses.

Chapter 3: Describes the research methodology, including design, sampling, data collection, and analysis methods.

Chapter 4: Presents the data analysis and findings.

Chapter 5: Provides conclusions, implications, and recommendations for theory, practice, and policy.

1.21. Conclusion

This chapter provides an overview of the study and outlines the key focus areas, including the research problem, objectives, rationale, and scope. It also justifies the study's relevance to South Africa's agricultural sector. The next chapter reviews relevant literature, emphasizing the theoretical and empirical foundations that inform this study,

CHAPTER TWO

2.0 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1. Introduction

This chapter reviews existing research on succession planning and its impact on agricultural investment in family-owned farms. It examines theoretical approaches supporting the study, summarizes empirical findings from previous research, and develops a conceptual framework based on the Resource-Based View (RBV). The chapter concludes by identifying research gaps that justify this study.

The agricultural sector is vital to South Africa's role as a significant global exporter of agricultural goods, particularly citrus, wine, and maize (Statistics South Africa, 2021). Beyond its economic contributions, agriculture plays a crucial role in ensuring national food security by producing sufficient food for domestic consumption while supporting rural economies through job creation and infrastructure development (Lyne et al., 2009). South Africa's agricultural sector has undergone considerable evolution, particularly in the context of family-owned farms (DeMarea & Rowe, 2020). Historically, family farms have been central to South Africa's rural economy, with many passed down through generations. However, succession processes have often been informal, leading to inefficiencies and conflicts over farm management (Morris, Williams, & Nel, 1997).

Recently, there has been increasing recognition of the need for formalized succession planning, as it ensures the next generation is adequately prepared to manage and grow the business (DeMarea & Rowe, 2020). The country's agricultural landscape has also been influenced by land reform policies aimed at addressing historical inequalities (Hall, 2004). These reforms increase the complexity of farm ownership, making succession planning even more essential for the sustainability of family farms (Hall, 2004). Proper succession planning can reduce risks associated with land reform, ensuring continuity in farm operations and protecting family farms from external disruptions (Gasa, 2018).

Poor succession planning has serious implications for both individual farms and the wider agricultural sector (Sargent, Banbury, & Buyl, 2011). Farms lacking formal plans face risks like declining productivity, economic instability, and mismanagement stemming from generational conflicts (Sargent, Banbury, & Buyl, 2011).

Failure to transfer key knowledge and skills across generations can hinder the competitiveness of family farms, especially in regions like Kirkwood, where the citrus industry is crucial to local and national economies (Lobley, Baker, & Whitehead, 2012). This lack of planning threatens the farm's future and has broader consequences for rural employment and food security, as disruptions can lead to job losses and reduced agricultural output (Lobley, Baker, & Whitehead, 2012). Therefore, structured succession planning is vital to sustain South Africa's agriculture and ensure the sector continues contributing significantly to the economy and rural development. This literature review explores how succession impacts agricultural investment through empirical and theoretical perspectives.

2.2. Impact of succession planning on agricultural investment

Succession in family-owned businesses, especially in agriculture, is a complex process involving generational transitions (Nonkwelo, 2019). The agricultural sector relies heavily on family businesses, where both economic and non-economic factors like family relations, business culture, and leadership structures are critical (Gasa, 2018). It is essential to recognize that succession entails more than just transferring control; it also involves preparing the next generation to sustain or grow the business through effective decision-making and investment strategies (Bozer et al., 2017; Amanquah, 2021).

Farms with clear succession plans are more likely to invest in capital improvements such as machinery, irrigation systems, and crop diversification, viewing their operations as long-term ventures (Suess-Reyes & Fuetsch, 2016). Conversely, farms facing succession uncertainty tend to delay or avoid investments due to fears of business discontinuity (Lobley, Baker, & Whitehead, 2010).

Fuchs and Keizer (2019) emphasize that succession uncertainty can diminish investor confidence and limit access to credit, especially from commercial banks and development finance institutions.

2.3. Understanding Succession Planning and its Influence on Agricultural Investment

2.3.1 Leadership Transition and Business Continuity

Leadership transition is a critical component of succession planning, particularly in family-owned agricultural businesses, where future investments heavily depend on the capabilities of the successor. Effective leadership transition ensures that successors are well-prepared to maintain and

grow the farm business, preserving both the family legacy and the economic value of the business (Zellweger, 2017).

This readiness is shaped by factors such as the successor's early involvement in decision-making, exposure to key operational aspects, and formal education or mentoring (Budhiraja & Pathak, 2018; Amanquah, 2021).

2.3.2 Economic Impact of Succession on Investment

Succession planning greatly influences agricultural investments as new leaders often bring different perspectives, strategies, and risk appetites (Gasa, 2018). Poorly planned transitions can cause economic instability and lower investments, while well-structured and effectively executed succession plans support ongoing capital investment and productivity (Bozer et al., 2017). Succession plans that focus on financial stability, resource allocation, and growth strategies help secure long-term agricultural investments (Alessandri et al., 2017; Nonkwelo, 2019).

2.3.3 Hypothesis

Null Hypothesis: Succession planning has no significant correlation on agricultural investments in family-owned businesses.

2.4. Investigating the Role of Family Dynamics in Succession Planning

2.4.1 Family Influence on Succession Outcomes

Family dynamics are crucial in determining the success of the succession process. Factors like sibling rivalry, intra-family relationships, and the incumbent's willingness to delegate authority can influence succession outcomes (Nonkwelo, 2019). According to Nuthall and Old (2018), many family-owned farms struggle to develop succession plans due to generational tension, poor communication, or the older generation's reluctance to relinquish control. De Massis et al. (2016) highlights that family cohesion and involvement in decision-making positively impact the sustainability of family-owned agricultural businesses during leadership transitions. Strong family dynamics create an environment where successors can implement new strategies and invest in business growth without internal conflicts hindering progress (Nonkwelo, 2019).

Where families adopt transparent, inclusive, and well-communicated succession processes, outcomes tend to be more stable. Such processes often involve early engagement of successors, written succession frameworks, professional legal guidance, and alignment of the family’s

personal goals with the business's strategic objectives (Suess-Reyes & Fuetsch, 2016; Bitsch et al., 2021). 2.4.2 Financial and Non-Financial Contributions of Succession Suess-Reyes & Fuetsch (2016) demonstrated that succession in family businesses often focuses not only on financial performance but also on non-financial aspects like legacy and emotional capital. This dual focus influences investment strategies, as successors tend to prioritize long-term sustainability over short-term profits (Suess-Reyes & Fuetsch, 2016). In the agricultural sector, non-financial factors may include preserving traditional farming practices or investing in innovations that align with the family's legacy (Nonkwelo, 2019). Cultural norms and traditions may also shape succession decisions in African farming contexts. In South Africa, succession might be influenced by customary inheritance laws, patriarchal leadership traditions, or extended family expectations—all of which complicate formal succession planning (Gasa, 2018).

2.5. Analytical Framework

2.5.1 Theoretical Framework

Agency Theory: This theory emphasizes the conflicts of interest that may arise between the owners (principals) and managers (agents) of a business. It focuses on the challenges family businesses face when transitioning leadership, particularly when external managers are brought in to manage the business. In family farms, this theory would explore how divergent interests between family members and hired managers impact decision-making during succession, often leading to inefficiencies or conflicts in investment strategies (Jensen & Meckling, 1976). However, the Agency Theory may not fully capture the unique dynamics of family businesses, especially when succession involves the transfer of intangible assets like family trust and legacy, which go beyond contractual relationships.

Stewardship Theory: Stewardship Theory posits that managers and owners, particularly in family-owned businesses, act as stewards who are naturally inclined to prioritize the long-term health of the organization over personal gains. This theory suggests that successors in family-owned agricultural businesses would have a natural alignment of goals with previous generations, fostering investment strategies that benefit the farm's long-term sustainability (Davis, Schoorman, & Donaldson, 1997). While this theory is useful for emphasizing the shared values and goals within family farms, it may not adequately account for the competitive advantage derived from the unique resources within the business.

Resource-Based View (RBV) is the most suitable framework for this study because it focuses on the unique, intangible resources inherent to family-owned farms that significantly affect succession and agricultural investment. Unlike Agency Theory, which primarily addresses conflicts between owners and managers, the RBV allows for a deeper understanding of how internal resources like knowledge transfer, relational capital, and leadership skills are passed down during succession, directly influencing investment decisions (Boyd et al., 2015). While Stewardship Theory emphasizes shared values and long-term goals, the RBV takes it a step further by examining how these intangible resources create a competitive advantage in agricultural investments. In family farms, these resources are vital for maintaining productivity and securing future investments, making the RBV an appropriate and comprehensive framework for this research.

2.5.2 Empirical Review (Structured by Objectives)

Objective 1: Impact of Succession Implementation on Sustainability and Financial Performance

Studies by Bozer et al. (2017) and Alessandri et al. (2017) show that structured succession planning enhances continuity, productivity, and capital investment. Effective transfer of leadership and institutional knowledge builds investor confidence and encourages reinvestment. Conversely, farms without succession frameworks face financial instability and declines in productivity. In South Africa, limited awareness and informal succession arrangements often disrupt generational continuity (Nonkwelo, 2019), leading to reduced efficiency and reluctance from financial institutions to invest in such farms.

Objective 2: Challenges in Succession Planning and Their Impact on Investment and Successor Readiness

Succession challenges stem from founder resistance, intergenerational conflicts, and inadequate preparation of heirs (De Massis et al., 2016). In agricultural settings, successors frequently lack technical and managerial experience, limiting their ability to make sound investment decisions (Suess-Reyes & Fuetsch, 2016). Empirical evidence further indicates that farms with formal mentorship and training programs for successors enjoy higher rates of capital retention and reinvestment (Budhiraja & Pathak, 2018).

2.5.3 Conceptual Framework

A conceptual framework serves as the blueprint for a research project, guiding how variables interact and influence each other within the study context. This research relies on the Resource-Based View (RBV) as its theoretical foundation. The framework will focus on how succession planning affects agricultural investment in family-owned farms, particularly in the Kirkwood citrus farming area. It will include key variables such as knowledge transfer, relational capital, and leadership skills, along with their effects on farm productivity and investment.

Succession Planning: This is the primary independent variable. Effective succession planning involves the organized transfer of both tangible (financial, land) and intangible (knowledge, trust, leadership) assets from one generation to the next. According to the RBV, family businesses possess these unique intangible resources, which, if transferred effectively, sustain or enhance the farm's ability to attract investment and stay competitive (Boyd et al., 2015).

Agricultural Investment: The dependent variable is agricultural investment. How succession is managed will either attract or deter investment, as investors tend to value stability, long-term planning, and continuity of leadership. In family-owned farms, especially in agriculture, investment choices are often influenced by the perceived sustainability of the business after succession.

Mediating Variables: The mediating variables include:

- Knowledge Transfer: The process through which the knowledge accumulated by the outgoing generation is passed to the incoming one. Effective knowledge transfer is essential for maintaining productivity and attracting investment (Cabrera-Suárez et al., 2001).

- Relational Capital: This refers to the trust, social relationships, and networks that a family business maintains. In family-owned agricultural businesses, relational capital with banks, buyers, and suppliers can influence investment decisions and support continuity (Arregle et al., 2007).

Based on the Resource-Based View (RBV), Figure 1's conceptual framework suggests that succession planning—encompassing structure, process, and readiness—acts as the independent variable that affects agricultural investment, the dependent variable, through mediating factors such as knowledge transfer and relational capital. Agricultural investment is measured by financial

performance, sustainability indicators, and investment decisions. The framework demonstrates that farms with well-organized succession processes and effective transfer of internal resources are more likely to attract investments, improve performance, and ensure long-term sustainability.

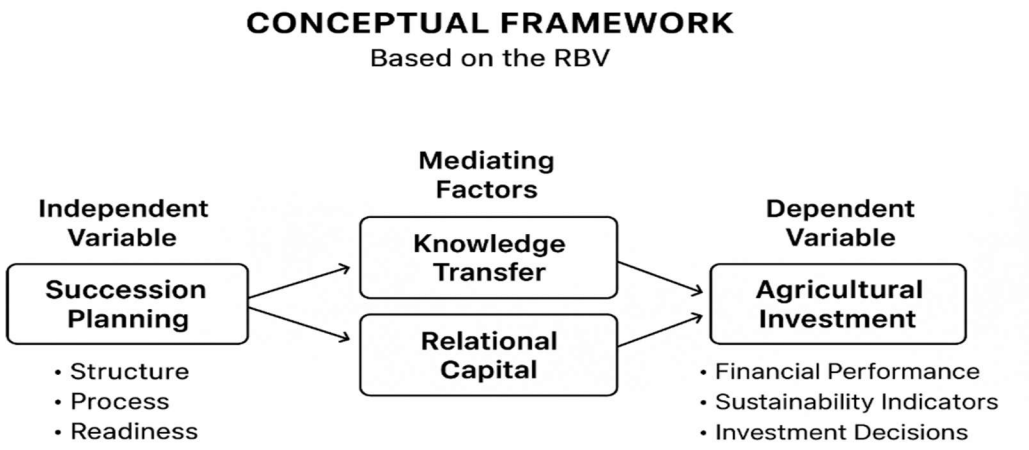


Figure 1- Conceptual Framework

2.6. Gaps in literature

Although family-owned farms are common in South Africa, limited research exists on the specific challenges they face with succession planning and investment, especially in regions like Kirkwood. Fuchs, C., & Keizer, A. (2019) argue that family-owned farms in developing countries often encounter unique issues compared to those in more developed economies. However, South Africa, particularly its agricultural hubs, has not been thoroughly studied. Sargent, M. A., Banbury, C., & Buyl, T. (2011) found that businesses with strong succession plans attract more investment due to lower risks linked to leadership changes; yet, the agricultural sector remains underexplored. This study aims to address these empirical and contextual gaps.

2.7. Conclusion of Literature Review

This chapter reviewed relevant literature on succession planning, agricultural investment, and family business sustainability. It identified theoretical foundations, synthesized empirical findings, and presented a conceptual framework grounded in the RBV. The review highlighted the need for context-specific research in South African agriculture to understand how succession planning influences investment decisions and long-term farm sustainability.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

This chapter describes the research methodology used to study the impact of succession planning on agricultural investment in family-owned farms in Kirkwood and Addo, Eastern Cape, South Africa. It explains the research philosophy, design, approach, strategy, sampling method, research instrument, data collection, and analysis techniques. Justifications for all methodological choices are supported by relevant literature.

3.2. Research Approach

A quantitative research approach was employed to collect numerical data for statistical analysis. Quantitative research is appropriate when the study aims to examine relationships, patterns, or causal links between variables (Creswell, 2014). This approach was appropriate for this study due to the following reasons:

- The study aimed to assess how succession planning influences agricultural investment.
- Numerical data enabled hypothesis testing through regression analysis.
- Structured questionnaires supported consistent data collection from multiple respondents.

Nonkwelo (2019) used a quantitative approach to investigate succession planning in agricultural enterprises. The study concluded that numerical measures enabled robust testing of relationships between succession practices and financial performance. A quantitative approach provides objective insights, generalizable results, and supports hypothesis testing.

Research Philosophy

The study adopted a positivist research philosophy, aligning with quantitative research (Saunders et al., 2019). Positivism focuses on objectively measuring relationships between variables through empirical data. In this study, succession planning is considered an independent variable, while agricultural investment is the dependent variable. Using a positivist approach enables the collection of measurable data, which allows for hypothesis testing and the drawing of generalizable conclusions.

Alessandri et al. (2017) adopted a positivist philosophy in examining succession planning in family-owned businesses to test its impact on investment outcomes. The authors highlighted that positivism allows researchers to establish clear cause-effect relationships between succession practices and firm performance. Using a positivist philosophy ensures objectivity, minimizes researcher bias, and supports rigorous statistical analysis.

3.3. Research Design

The research utilized survey design. This design involves collecting data from a sample of respondents using a structured questionnaire. The survey design was particularly suitable for this study, as it enabled the collection of data from a large number of respondents, allowing for the generalization of the findings to the broader population of family-owned farms.

Advantages:

- Efficiency: Surveys can reach a large sample within a relatively short period, allowing for the collection of a significant amount of data.
- Standardization: The use of a standardized questionnaire ensures that all respondents are asked the same questions, which enhances the reliability of the data.

Disadvantages:

- Self-Report Bias: Respondents may provide socially desirable answers rather than truthful responses.
- Limited Depth: Surveys may not capture the depth of respondents' experiences or opinions compared to qualitative methods such as interviews.

De Massis et al. (2016) used a survey design to study succession in family firms, noting that surveys allow for analyzing large samples, which improves external validity. Survey design allows for efficiently measuring perceptions, behaviors, and outcomes across multiple farms.

3.4. Data Collection Methods

Data was collected using a structured questionnaire based on the Likert scale. The questionnaire included sections that addressed key areas such as succession planning, investment decisions, and farm productivity. Likert Scale: A 5-point Likert scale was used to measure respondents'

agreement or disagreement with various statements related to succession planning and its impact on agricultural investment.

The scale ranged from "Strongly Agree" to "Strongly Disagree," allowing for the quantification of subjective opinions. The use of a structured questionnaire with a Likert scale is justified as it allows for the collection of quantitative data that can be easily analysed statistically. This method is also efficient and suitable for capturing a wide range of responses from a large sample (Field, 2018).

3.5. Population and Sample

3.5.1 Population

The population consisted of family-owned farms in Kirkwood and Addo, Eastern Cape, South Africa. The study employed a stratified random sampling technique, appropriate for quantitative studies to ensure representation across farm roles (owners, successors, managers) (Etikan et al., 2016). Stratification ensures all key stakeholder groups are represented and random selection within strata reduces selection bias.

3.5.2 Sample and Sampling Method

A purposive sampling method was employed to select a sample of seventy-six respondents, including farm owners, potential successors, and managers involved in succession planning. Purposive sampling was chosen because it allows for the selection of respondents who have direct experience with succession planning and agricultural investment, ensuring that the data collected is highly relevant to the research questions.

Sample Size: The target sample size of seventy-six respondents was deemed sufficient to provide statistically significant results while being manageable within the study's timeframe and resources. Purposive sampling was appropriate because it focuses on respondents who are most likely to provide the necessary insights into the research topic. Statistical power for regression analysis was considered; a sample of this size allows estimation of effect sizes with sufficient precision (Cohen, 1992).

3.6. The research instrument

3.6.1 Instrument Overview

A questionnaire was selected as the primary data collection instrument. The questionnaire was structured to address the specific research questions related to the impact of succession in agricultural investment, particularly focusing on family-owned farms in South Africa.

The instrument was divided into several sections, each designed to gather data on key variables identified through the literature review and theoretical framework. These variables include succession planning, investment decisions and challenges faced during the succession process.

3.6.2 Instrument Design

The questionnaire was organized into the following sections:

- Demographic Information: Collects basic data on the respondent's age, gender, educational level, and role in the farm. This section is critical for understanding the background of respondents and contextualizing their answers.
- Succession Planning: This section delves into the existence and nature of succession plans on the farm. It addresses research questions regarding the prevalence of succession planning and its characteristics, as outlined in Agbim's (2019) study on successful succession in SMEs.
- Impact on Agricultural Investment: This part explores how succession planning influences investment decisions on the farm.
- Challenges in Succession Planning: Identifies the obstacles encountered during the succession planning process, drawing on themes from the literature such as resistance from current owners or financial constraints.
- Outcomes of Succession Planning: Measures the success of succession planning in terms of farm productivity and financial performance, reflecting on theoretical frameworks discussed in the reviewed literature.

Each section of the questionnaire was carefully aligned with the research questions, ensuring that the data collected will provide insights into the key issues identified in the study.

3.6.3 Advantages and Shortcomings

The primary advantage of using a questionnaire was its ability to gather data from a large sample, making it easier to generalize findings (Bryman, 2016). However, a potential shortcoming is the reliance on self-reported data, which may be subject to bias. To mitigate this, the questionnaire included clear, unbiased questions and allows respondents to answer anonymously.

3.7. Procedure for Data Collection

The data collection process involved a combination of online and face-to-face surveys. The following steps were taken:

- Sample Selection: Respondents were selected from family-owned farms in Kirkwood, Eastern Cape, South Africa. Purposive sampling was used to ensure that participants are involved in the succession planning process.
- Survey Distribution:
- Online Surveys: The questionnaire was distributed via email to farm owners and managers who are difficult to reach in person.
- Face-to-Face Surveys: For those available locally, surveys were conducted in person to facilitate higher response rates and clarify any questions respondents may have.
- Data Collection Timeline

Data collection took place over a period of four weeks, ensuring ample time for responses. Justification: The mixed-method approach of online and face-to-face surveys was chosen to maximize response rates and ensure the collection of robust data from both local and remote respondents (Creswell, 2014),

Pilot Study:

- The instrument was piloted with 10 respondents from similar farms.
- Cronbach's Alpha for key sections ranged between 0.78–0.89, indicating acceptable internal consistency.
- Minor revisions were made for clarity and alignment with research objectives.

3.8 Data Analysis Strategies and Interpretation

The data collected were analyzed using a combination of descriptive statistics and regression analysis.

Descriptive Statistics: This involves calculating means, medians, and standard deviations for demographic data and key variables. This analysis provides a clear overview of the sample characteristics and general trends in the data (Field, 2018).

Regression Analysis: To explore the relationship between succession planning and agricultural investment, regression models are used. This analysis will determine whether and how succession planning affects investment decisions and farm productivity.

Descriptive statistics, including the mean, standard deviation, and frequency distributions, summarize the data.

Correlation Analysis: Pearson's r measures the strength and direction of relationships between succession planning and investment.

Regression Analysis:

Model:

$Y=\beta0+\beta1X+\epsilon$

Y = Agricultural Investment (dependent variable)

X = Succession Planning (independent variable)

$\beta0$ = Intercept, $\beta1$ = Regression coefficient, ϵ = error term

Variables were numerically coded based on the Likert scale (1–5).

Regression helps test the hypothesis of causality.

3.9 Limitations

The study may face limitations related to the availability and accuracy of data, as a proposed respondent may be reluctant to disclose sensitive information about their succession planning practices and financial status. The study's focus on a specific geographical region may limit the generalizability of the findings to other agricultural sectors or areas in South Africa.

3.10 Quality Assurance

To ensure the quality of the research, the questionnaire was pre-tested, and data will be carefully checked for accuracy and completeness. The use of stratified random sampling and statistical analysis will help reduce bias and enhance the reliability of the findings.

3.10.1 External Validity (or Transferability)

The study's external validity, or transferability, is strengthened using representative sample and standardized data collection methods. However, the findings may be more applicable to similar agricultural contexts within South Africa and may require further testing in different regions or sectors.

3.10.2 Internal Validity (or Credibility)

The internal validity, or credibility, of the study will be maintained through careful questionnaire design, the use of reliable data collection methods, and the application of appropriate statistical techniques to analyze the data. Pre-testing the questionnaire will also help identify and address potential threats to validity.

3.10.3 Reliability (or Dependability)

Reliability, or dependability, was maintained by consistently applying the research methods across all participants, using a standardized questionnaire and a systematic data collection process to ensure replicability in future studies. Reliability was confirmed through Cronbach's Alpha (α = 0.78–0.89), indicating strong internal consistency. Content validity was ensured through expert review by professionals in agricultural management, while construct validity was established by aligning questionnaire items with the Resource-Based View theory constructs of knowledge transfer, relational capital, and investment outcomes. Criterion validity was supported by comparing the regression results with established benchmarks from the literature (Zellweger, 2017).

3.11 Ethical Considerations

The study adhered to ethical guidelines by ensuring that all participants provided informed consent before participating (Appendix L). The confidentiality and anonymity of participants were protected, and all data were securely stored to safeguard the privacy of the farmers involved. An

ethical clearance certificate was obtained (Appendix N). Informed consent was obtained before survey participation. Respondents' identities were anonymized, and participants faced no risk or harm. Permission was granted by local farm associations and the ethics committee before data collection commenced.

3.11 Conclusion

This chapter justified the adoption of a positivist, quantitative approach, survey design, stratified random sampling, and structured questionnaires. Data analysis methods were aligned with the study’s aims and objectives. Ethical considerations and validity/reliability measures ensured rigorous research standards.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.0 Introduction

This chapter presents, analyses, and discusses the data collected from 76 respondents across family-owned farms in Kirkwood. Descriptive statistics, correlation, and regression analyses were employed to address the research objectives.

Descriptive Statistics: Demographics summarized in frequencies, percentages, means, and SDs. Example: 47.4% male, 44.7% female; 35.5% farm owners; 32.9% with >20 years' experience. Participants are experienced and diverse, providing credible insights into succession and investment practices.

Correlation Analysis:

Pearson's correlation coefficient was used to assess relationships: A strong positive correlation was observed between succession planning and agricultural investment ($r = 0.94$, $p < 0.01$). Clear succession plans are associated with higher levels of investment in farms.

Regression Analysis:

Model:

Y=β0+β1X+ϵY = \beta_0 + \beta_1X + \epsilonY=β0+β1X+ϵ

- Operationalization:
    - XXX = Succession planning mean score (Likert 1–5)
    - YYY = Agricultural investment score (Likert 1–5)
- Results:
    - R2=0.886R^2 = 0.886R2=0.886, F = 575.865, p < 0.001
    - β1=0.941,p<0.001\beta_1 = 0.941, p < 0.001β1=0.941,p<0.001

Succession planning explains 88.6% of variation in agricultural investment. A 1-point increase in succession planning score increases investment by 0.941 points.

The focus of this chapter is on analysis and interpretation of findings, followed by discussion and summary of findings. The tenet of this chapter is to provide answers to the research questions raised in the previous chapter via mean and standard deviation while the hypothesis was addressed via regression analysis.

4.1 Descriptive Analysis

S/N	Demographic variable	Grouping	Frequency	Percentage
1.	Age	18-25 years	11	14.5
		26-35 years	19	25.0
		36-45 years	16	21.1
		46-55 years	14	18.4
		56 years and above	16	21.1
2.	Gender	Male	36	47.4
		Female	34	44.7
		Others	3	3.9
		Prefer not to say	3	3.9
3	Race	Black	22	28.9
		White	34	44.7
		Coloured	17	22.4
		Indian/Asian	1	1.3
		Other	2	2.6
4	Educational qualification	No formal education	7	9.2
		Primary education	9	11.8
		Secondary education	24	31.6
		Tertiary education	23	30.3
		Postgraduate	13	17.1
5.	Marital Status	Single	30	39.5
		Married	33	43.4
		Divorced	3	3.9
		Widowed	10	13.2
6	Farm role	Farm owner	16	21.1

		Successor (Next generation)	8	10.5
		Farm manager	14	18.4
		Owner	27	35.5
		Family	11	14.5
7	Farming experience	Less than 5 years	13	17.1
		5-10 years	19	25.0
		11-20 years	19	25.0
		More than 20 years	25	32.9

Table 1 - Descriptive Analysis of Respondent Demographic

Source: Field Survey Report, 2025

Descriptively, result from Table 1 showed that 11 (14.5%) participants are between the age rank of 18-25 years, followed by 19 (25%) who are between the age group of 26-35 years, 16 (21.1%) participants among them are within the age group of 36-45 years, as well as 14 (18.1%) who are within the age bracket of 46-55 years and the remaining 16 (21.1%) are above 56 years and above. Accordingly, 36 (47.4%) among the selected participants are male gender, 36 (44.7%) are female participants, while 3 (3.9%) and 3(3.9%) are among others and those who prefer not to mention their status. Clearly this shows that male gender actively engaged in family farming than the female counterpart in Kirkwood, South Africa.

According to race statistics, black are represented by 22 (28.9%), while 34 (44.7%) are white, 17 (22.4%) are coloured, 1 (1.3%) and 2 (2.6%) are Indian/Asian as well as others respectively. Furthermore, information pertaining to educational qualification indicates that participants with no formal education are 7(9.2%), those among them with primary education are 9(11.8%), those with secondary education are 24 (31.6%), among the participants with tertiary education are 23(30.3%) and those with postgraduate qualification are 13(17.1%) respectively. By implication, on average, the participants have passed through some stages of education in life.

Moreover, the table connotes that married people are higher than single, divorced and widowed participants. As such, it indicated that single participants are 30 (39.5%), married participants are 33 (43.4%), divorced participant are 3(3.9%) and widowed are 10(13.2%). Based on farm role, 16 (21.1%) are farm owners, 8(10.5%) are successors (next generation), 14 (18.4%) are farm managers, 27 (35.5%) are owners and the remaining 11 (14.5%) are family. Lastly, 13 (17.1%)

have farm experience of less than 5 years, 19 (25.0%) have 5-10 years farming experience, 19 (25.0%) have 11-20 years farming experience while the remaining 25 (32.9%) have more than 20 years' experience. Clearly, the members are well experienced and exposed to the farming business.

4.2 Presentation of Core Issues of Investigation

The respondents were requested to indicate the extent at which succession planning implementation influence agricultural investment decisions, financial performance and long-term farm sustainability in family-owned farms Kirkwood in the Eastern Cape, South Africa in a five-point Likert scale. The range was "strongly disagree (1)" to "strongly agree (5)". The scores of strongly disagree and disagree have been taken to represent a variable which had mean score of 0 to 2.4 on the continuous Likert scale; (0≤ S.D <2.4). The scores of "neutral" have been taken to represent a variable with a mean score of 2.5 to 2.9 on the continuous Likert scale: (2.5 ≤ U.D. <2.9) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.0 to 5.0 on a continuous Likert scale; (3.0 ≤ S.A. <5.0). A standard deviation of >0.8 implies a significant difference on the impact of the variable among respondents.

Table 2 : Members perception on how implementation of succession planning affect farm's sustainability and financial outcomes in Kirkwood in the Eastern Cape, South Africa

S/N	Succession planning on farm sustainability and financial outcomes	Mean	S.D	Remark
1	Succession planning is essential for the sustainability of agricultural businesses	3.79	1.268	Agree
2	Our farm has a clearly defined succession plan	3.99	1.419	Agree
3	I understand my role in the succession plan	3.28	1.563	Agree
4	The succession plan was developed with input from all relevant stakeholders.	3.71	1.384	Agree
5	Succession planning has improved communication in our family business.	3.80	1.327	Agree
6	We regularly review and update our succession plan.	3.71	1.384	Agree
7	The succession plan has encouraged investment in modern technology.	3.84	1.327	Agree

8	Agricultural investment has increased due to clear succession plans.	3.41	1.453	Agree
9	Having a succession plan has improved financial decision-making on the farm.	3.30	1.452	Agree
10	Succession planning has improved farm productivity.	3.33	1.446	Agree
11	Our farm's financial performance has improved due to succession efforts.	3.42	1.454	Agree
12	The succession process has ensured the farm's long-term future.	3.42	1.454	Agree
	Grand Mean	**3.583**	**1.410**	**Agree**

Source: Field Survey Report, 2025

Report from Table 4.2 expressly shows the mean response of the respondents on each of the statements in the research tool. Clearly and without mincing words, evidence shows that all the participants gave a mean of >3.00 which implies that each assertion agreed that implementation of succession planning affect farm's sustainability and financial outcomes in Kirkwood in the Eastern Cape, South Africa. On the overall, the aggregate mean gave a value of 3.583 with 1.410 standard deviation connoting significant difference that implementation of succession planning greatly affect farm's sustainability and financial outcomes in Kirkwood in the Eastern Cape, South Africa. By so doing, it can be concluded that clearly defined succession plans have been put in place in the farm leading to investment in modern technology, prompt communication in the family business which is essential for the sustainability of agricultural businesses.

It is important to note that, regular review and update on the succession plan as put together with input from all relevant stakeholders in the family has ensured the farm's long-term future thereby bringing about robust farm's financial performance and productivity. In other words, succession planning can be referred to as a viable instrument towards achieving farm's sustainability and improved financial outcome, the study therefore infers that succession planning must be well prepared, planned, and documented in other to ensure that the family business's continued operations post transition. Hence, the study validates the position of Amanguah (2021), that members of the family must be available to continue, maintain and grow the family business through effective decision-making and investment strategies.

Table 3 :Members perception on how primary barriers affect effective succession planning, investment decision and successor preparedness

S/N	Primary barriers on effective succession planning	Mean	S.D	Remark
1	The farm has made long-term investments (e.g., infrastructure, orchards) post-succession	3.72	1.391	Agree
2	Successor(s) are receiving adequate training and exposure to farm operations.	3.39	1.461	Agree
3	Resistance from the current owner affects the succession planning process.	3.03	1.376	Agree
4	Succession planning is delayed due to lack of interest from the younger generation.	3.09	1.387	Agree
5	Financial constraints hinder effective succession planning.	3.72	1.028	Agree
6	Legal or regulatory issues complicate succession planning.	2.75	1.145	Neutral
7	Our family has experienced conflict during the succession process.	3.05	1.365	Agree
8	Succession challenges have been successfully addressed.	3.18	1.521	Agree
9	External advisors (lawyers, consultants) were useful in succession planning.	2.95	1.394	Neutral
	Grand Mean	**3.208**	**1.340**	**Agree**

Source: Field Survey Report, 2025

Following the mean and standard deviation report from Table 4.3, there is a mixed reaction on the level of barriers affecting effective succession, investment decisions and successor preparedness. Specifically, out of 9 assertions raised in the table, the participants agreed on 7 assertions of participation while they also remained neutral on the remaining 2 assertions towards primary barriers affecting effective succession planning, investment decision and successor preparedness.

Notably, the participants agreed and opine that among the primary barriers affecting effective succession are financial constraints, interest from younger generation, family conflict, resistance from the current owner with mean value of 3.72, 3.09, 3.05, 3.03. This clearly shows that no successful succession happens without one or two hurdles especially in a family. Finance, however is the top of the hurdles affecting the succession planning. This result is not surprising because by

implication, no large-scale agricultural business can survive or sustain the test of time without finance. Hence, the role of finance in agricultural business cannot be over-emphasised.

The participants stayed neutral on the extent to which legal or regulatory issues as well as external influence (lawyers, consultants) affect succession planning with the mean value of 2.75 and 2.95 respectively. As such, the participants neither agreed or disagreed whether legal and external issues are among the factors responsible for succession planning.

Yet, above all hurdles, the participants note that the agricultural business has made long-term investments (e.g., infrastructure, orchards) post-succession, successor(s) are receiving adequate training and exposure to farm operations, and more importantly that succession challenges have been successfully addressed with mean value of 3.72, 3.39 and 3.18. This connotes that amidst series of confrontations and family conflict against succession planning, investment decision and successor preparedness, the study observes that at the end of the tunnel, the succession challenges were successfully addressed leading to successor preparedness by receiving adequate training and skill acquisition thereby bringing about long-term investment to the farm. Hence, the study came to conclusion that as weighty as the challenges and primary barriers affecting succession planning are, the challenges are resolved within the family and led to fruitful long-term investment decision and successor preparedness. The study therefore validates the findings of De Massis et al. (2016) that family involvement in decision-making processes positively affect the sustainability of family-owned agricultural businesses during leadership transitions.

4.3 Test of Hypotheses

Regression analysis was employed to test the effect of succession planning on agricultural investments in family-owned businesses in Kirkwood, in the Eastern Cape, South Africa.

Table 4: Effect of succession planning on Agricultural investment in family-owned business in Kirkwood, in the Eastern Cape, South Africa.

Model Summary				**ANOVA[a]**	
Model	R	R-Square	Adjusted R-Square	F	Sig.
1	.941[a]	.886	.885	575.865	.000[b]
a. Predictors: (Constant), Succession planning					
Coefficients[a]					

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.519	.133		3.898	.000
	Succession planning	1.031	.043	.941	23.997	.000
a. Dependent Variable: Agricultural investment						

Source: SPSS Statistical Package (2025)

Analytically, the result presentation in Table 4.4 provides statistical information on the significant effect of succession planning on agricultural investment in family-owned business in Kirkwood, in the Eastern Cape, South Africa. Expressly, the correlation between the understudied variables is strongly linear in nature. The goodness of fit (R^2) and adjusted (R^2) denotes 0.886 and 0.885 coefficients respectively which invariably indicates that the change in variation of agricultural investment as explained by succession planning represent 88.5%. Thus, it implies that, the model has considered the juicy and right explanatory variable in the study and other variables not explained that could affect the fate of the result represent 11.5% which is very minimal to bring about a significant report. The F-coefficient value of 575.865 with its corresponding significant value of 0.00 denotes that, on the overall, the model has produced a good report, thus, findings from this study can stimulate stakeholder, practitioners, and government decision making in respect to succession planning and agricultural investment in Kirkwood, Eastern cape, South Africa.

Statistically, the Beta value of 0.941 and its corresponding sig. value of 0.00 suggests that succession planning contributed positively and significantly to agricultural investment. Technically, it implies that 1% changes in succession planning have the potency of increasing agricultural investment by 94.1%. Theoretically, this result is expected and linked to the resource-based theory which discloses the importance of transferring internal resources like knowledge transfer, relational capital, and leadership skills during succession thereby directly influencing investment decisions (Boyd et al., 2015), and empirically, the study validates the position of Zellweger (2017) that effective leadership transition ensures that successors are well-prepared to maintain and grow the agricultural business, preserving both the family legacy and the economic value of the business. In other words, succession planning brings about new strategies, technicality and innovation to drive the already existing agricultural investment to a landmark position.

Moreover, to validate and affirm the test of hypothesis, t-statistics (cal) for the hypothesis is given as 23.997. This value appears to be greater than t statistics (tab) at any significant value be it 1%, 2.5%, 5%, and 10% respectively. Therefore, the study validates and confirms that the hypothesis is significant. Thus, the study concluded that succession planning has significant impact on agricultural investments in family-owned businesses in Kirkwood in the Eastern Cape, South Africa.

4.4 Discussion of Findings

The purpose of this study is to examine the impact of succession on agricultural investments in family-owned farms, focusing on the Kirkwood region in the Eastern Cape, South Africa. To achieve this, the study is specifically designed around two research questions/objectives: first, to assess how factors involved in implementing succession plans correlate with farm sustainability measures and key financial performance indicators; second, to identify the most significant challenges in succession planning and analyze their relationship with investment patterns and successors' readiness. Notably, descriptive statistics, including mean and standard deviation, as well as regression analysis, are used to provide answers to these research questions/objectives.

Using mean and standard deviation, the study found that implementing succession planning influences a farm's sustainability and financial outcomes in Kirkwood, Eastern Cape, South Africa. The result indicates that, before succession events, there is a clear rule that defines the succession plan, which encourages investment in modern technology and prompt communication within the family business. These elements are essential for the sustainability of agricultural businesses. Since this type of business is family-owned, it is important that family members, especially stakeholders, meet periodically to review and update the succession plan. This is crucial for achieving long-term agricultural investment, strong financial performance, and increased farm productivity.

Based on the findings of research question/objective one, the study infers that implementing succession planning positively affects and contributes to the farm's sustainability and financial outcomes in Kirkwood, Eastern Cape, South Africa. In other words, failing to transfer critical knowledge and skills from one generation to the next can hinder the competitiveness of family-owned farms, especially in regions like Kirkwood where the citrus industry is vital to both local and national economies (Lobley, Baker, & Whitehead, 2012). Therefore, a succession plan must

be well articulated, clearly defined, and swiftly executed to prevent disputes among family members. It is expected that, if this is carefully implemented, the family-owned business will remain competitive and attract more patronage, thereby significantly increasing the farm's sustainability and financial results. Moreover, beyond financial outcomes, the successor must be well equipped and readily available to assume leadership, promoting the agricultural business through insightful thought, accurate decision-making, investment strategies, and technical expertise (Amanguah, 2021) without jeopardizing the future of the family-owned business.

Based on the findings from research question/objective two, it was established that the main barriers affecting effective succession planning, investment decisions, and successor readiness are financial constraints, interest from the younger generation, family conflict, and resistance from the current owner. It is well-known that finance is the heartbeat of any business; this implies that, for a business to stay focused and remain competitive in the market, it must be financially liquid. Therefore, the absence of finance can hinder succession planning, investment decisions, and successor readiness. Research has indicated that succession plans that prioritize financial stability, resource allocation, and growth strategies help secure long-term agricultural investments (Alessandri et al., 2017; Nonkwelo, 2019).

Furthermore, interest from younger generations is a significant factor that can create obstacles in succession planning. Generally, young people or young adults are drawn to quick and shady ways of making money rather than investing their time and resources in learning to gain knowledge, skills, and technical know-how on the job. Interest, combined with a clear vision to assume a new role in a family-owned agricultural investment or business, must be carefully assessed before risking the future of the investment into the wrong hands. Therefore, to foster interest in the younger generation, it is essential to involve successors early in decision-making, provide exposure to key operational aspects, and offer formal education or mentoring (Budhiraja & Pathak, 2018; Amanquah, 2021).

Also, family conflict stemming from the best person for the job is another factor that can negatively impact succession planning, investment decisions, and successor readiness. Farms without formalized plans face risks like declining productivity, economic instability, and mismanagement caused by generational conflicts (Sargent, Banbury, & Buyl, 2011). Therefore, it is crucial for the family to meet periodically before the succession to reach a unanimous agreement on who should

succeed based on their objectives and vision statements. This would help prevent any family conflicts from interfering with the succession process.

Despite these challenges, the agricultural business demonstrated long-term investment and successfully addressed succession issues by preparing successors through proper training and skill development. Therefore, the study concluded that although challenges and barriers to succession planning are significant, they are resolved within the family, leading to successful long-term investment decisions and prepared successors. The study also confirms the findings of De Massis et al. (2016) that family involvement in decision-making positively impacts the sustainability of family-owned agricultural businesses during leadership transitions.

Findings from the regression analysis reveal that succession planning has a positive and significant effect on agricultural investments. This finding is consistent with Alessandri et al. (2017) and Nonkwelo (2019), who assert that succession plans that prioritize financial stability, resource allocation, and growth strategies help secure long-term agricultural investments. To date, succession planning from one generation to another significantly influences agricultural investments, as new leaders often bring different perspectives, strategies, and risk tolerances. Poorly planned transitions can lead to economic instability and decreased investments, whereas structured and well-executed succession plans have been shown to support ongoing capital investment and productivity (Bozer et al., 2017).

The implementation of succession planning positively impacted farm sustainability, investment in modern technology, productivity, and financial results. However, main obstacles such as financial constraints, family conflicts, resistance from current owners, and limited interest from successors hindered effective succession. The findings supported the Resource-Based View theory, indicating that internal resources like knowledge and relational capital transferred through succession improve investment efficiency (Boyd et al., 2015). Additionally, emerging trends showed that strong family involvement and early training for successors help reduce these barriers and encourage long-term agricultural investment.

4.5 Conclusion

Succession planning greatly impacts agricultural investment in family-owned farms in Kirkwood and Addo. The analysis shows clear cause-and-effect relationships, supporting both theory and practical advice. Implementing succession planning positively affects farm sustainability, investment in modern technology, productivity, and financial results. However, main barriers such as financial constraints, family conflicts, resistance from current owners, and limited interest from successors often prevent successful implementation. These findings align with the Resource-Based View theory, which states that internal resources—such as knowledge and relational capital—transferred through succession processes improve investment efficiency (Boyd et al., 2015). Emerging trends further suggest that strong family involvement and early training for successors help reduce these barriers and encourage long-term agricultural investment.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter summarizes the research, presents conclusions, and provides actionable recommendations. It integrates findings from both literature and primary data to highlight the study's contributions.

5.1 Summary

The aim of this study is to examine succession in agricultural investments on family-owned farms, focusing on the Kirkwood region in the Eastern Cape, South Africa. Specifically, the study evaluates how factors involved in implementing succession plans relate to farm sustainability metrics and financial performance indicators, while also identifying the key challenges in succession planning and analyzing their connection to investment patterns and successor readiness. The study is structured into five chapters. The first chapter provides the background of the study, highlighting key points such as the research problem and objectives. It introduces the topic of succession planning and agricultural investment decisions in family-owned farms.

Chapter two concentrates on the literature review and theoretical framework, aiming to connect succession planning with agricultural investment. It also examines how succession influences agricultural investment, emphasizing leadership transition and business continuity, the economic impact of succession on investment, and the role of family dynamics in succession planning, among other factors. Furthermore, the study is based on agency theory, stewardship theory, and the resource-based view. Overall, the study finds that businesses with strong succession plans attract more investment due to lower risks during leadership transitions, but the agricultural sector has not been thoroughly studied, which underscores the need for this investigation in the agricultural industry.

Chapter three describes the methods used to meet the research objectives. It offers a brief overview of the study area and emphasizes how succession influences agricultural investment. It explains the research approach, design, data collection techniques, population, and sampling strategies. Each methodological choice is justified based on its suitability for addressing the research questions.

Chapter four analyzes the results and discusses them accordingly. However, findings from research question or objective one show that the implementation of succession planning greatly affects the farm's sustainability and financial outcomes in Kirkwood, Eastern Cape, South Africa. The results of research or objective two reveal that the major primary barriers affecting effective succession are financial constraints, interest from the younger generation, family conflict, and resistance from the current owner. Nonetheless, the study concludes that although primary barriers hinder effective succession planning, involving the family helps resolve these challenges quickly, leading to fruitful long-term investment decisions and successor preparedness. The results from the regression analysis indicate that succession planning has a positive and significant effect on agricultural investments in family-owned businesses in Kirkwood, Eastern Cape, South Africa, at 94.1%. Chapter five concludes and offers recommendations based on the research findings.

According to the literature, succession planning has been shown to increase investment, reduce risks, and ensure business continuity (Alessandri et al., 2017; Bozer et al., 2017), while family involvement and the training of successors are essential for achieving long-term sustainability (De Massis et al., 2016). Findings from the primary data indicate a strong positive effect of succession planning on agricultural investment ($\beta = 0.941$, $R^2 = 0.886$). However, challenges such as financial constraints, family conflict, and resistance from current owners remain significant barriers. Overall, effective succession processes support long-term investments and better successor preparedness, reinforcing both the theoretical and empirical evidence.

5.2 Conclusion

In recent years, there has been increasing recognition of the importance of formalized succession planning, as it ensures the next generation is properly prepared to manage and expand the business. These changes add complexity to farm ownership, making succession planning even more vital for the sustainability of family farms. Proper succession planning has become essential to understand because it can reduce risks related to land reform, ensure continuity in farm operations, and protect family-owned farms from external pressures.

According to the results of this study, succession planning has a positive and significant effect on agricultural investments in family-owned businesses in Kirkwood, in the Eastern Cape, South Africa. The finding aligns with the position of Bozer et al. (2017) and Amanquah (2021) that succession does not merely involve transferring control but also includes preparing the next

generation to sustain or expand the business through effective decision-making and investment strategies. Furthermore, succession planning can engage the younger generation in decision-making, critical thinking, and investment analysis as a wake-up call for the successor.

5.3 Recommendation

The study offers the following recommendations based on the research's findings:

i. The government is encouraged to provide business friendly environment with maximum infrastructure that can aid the smooth running of agriculture investment. This is imperative in other to attain food sufficiency in Kirkwood, Eastern Cape, South Africa.

ii. The practitioners are advised to implement succession planning with the aim of promoting cordial relationship among relevant stakeholders.

iii. Adequate training and exposure to farm operations, and guidelines to maintain investment flows and securing long-term sustainability in agriculture should be included in the implementation of succession planning.

iv. The study recommends that succession planning implementation should be carried out within the time frame as speculated in the family's by law.

v. Barriers like finances constraints, interest, family conflict and resistance from the current owner that can affect effective succession planning, investment decision and successor preparedness should be painstakingly arrested and carefully addressed prior to the implementation of succession planning.

vi. Prompt consultation from external advisors (lawyers, consultants, financial analysts and experts) should be duly sought before the implementation of succession planning.

vii. Successors should employ technocrat team that can provide strategies which are able to drive the competitiveness of agricultural investment in family-owned business, thereby leading to increased financial outcome.

5.4 Contributions of the Study and Suggestions for Further Studies

Contributions of the Study

Theoretical: This study supports the Resource-Based View (RBV) theory within the agricultural succession context, demonstrating how internal resources such as knowledge transfer and relational capital enhance investment efficiency and sustainability in family-owned farms. *Practical:* The findings provide valuable guidance for farm owners, successors, and policymakers on implementing effective succession planning practices that promote agricultural investment, improve sustainability, and ensure smooth generational transitions.

Suggestions for Further Studies

This study is limited to the Kirkwood Eastern region in South Africa. However, future studies are encouraged to compare more regions across South Africa. Additionally, increasing the sample size could make the study more generalizable in these understudied areas. Also, one hypothesis was raised and tested in this study; future research could improve by testing additional hypotheses, especially through other estimation methods besides the regression estimates used in this study.

5.5 Conclusion

This study was set out to examine the impact of succession planning on agricultural investment among family-owned citrus farms in Kirkwood and Addo, Eastern Cape, South Africa. Drawing on the Resource-Based View (RBV) theory, the research explored how internal resources such as knowledge, experience, and relational capital are transferred through effective succession planning to ensure business continuity, investment efficiency, and long-term sustainability. The study integrated both primary and secondary data to analyse how structured succession planning influences investment decisions, productivity, and financial stability in the agricultural sector.

The findings revealed that well designed succession planning has a positive and significant effect on farm sustainability, investment in modern technology, productivity, and overall financial outcomes. Farms with clearly defined succession processes demonstrated better preparedness for generational transitions, continuity in operations, and confidence among external stakeholders such as banks and investors. The the absence of succession planning was found to contribute to

reduced investment confidence, operational disruptions, and the potential decline of farm productivity after the retirement or passing of key leaders.

Barriers to effective succession planning included financial constraints, family conflicts, resistance from senior farm owners, and limited interest or readiness among potential successors. However, the study also found that these barriers can be mitigated through early engagement of the next generation, capacity building initiatives, and structured mentorship that promotes knowledge transfer. These findings align with the RBV theory, affirming that intangible resources such as family trust, shared values, and accumulated knowledge play a critical role in sustaining competitive advantage and attracting agricultural investment.

The study contributes to both academic literature and practical agricultural policy by highlighting the vital role of succession planning in ensuring the long-term viability of family-owned farms. It recommends that farmers adopt formalized succession frameworks supported by financial institutions and agricultural agencies. Such collaboration can enhance access to credit, attract investors, and secure the future of the citrus farming industry in South Africa.

In conclusion, succession planning is not merely a generational transition tool but a strategic investment mechanism that strengthens family businesses, secures livelihoods, and drives agricultural growth. By embedding succession planning into the core management practices of family owned farms, the agricultural sector can achieve greater resilience, sustainability, and intergenerational prosperity.

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APPENDICES

Appendix A

Frequency Table

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	11	14.5	14.5	14.5
	26-35	19	25.0	25.0	39.5
	36-45	16	21.1	21.1	60.5
	46-55	14	18.4	18.4	78.9
	56 and above	16	21.1	21.1	100.0
	Total	76	100.0	100.0	

Appendix B

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	36	47.4	47.4	47.4
	Female	34	44.7	44.7	92.1
	Others	3	3.9	3.9	96.1
	Prefer not to say	3	3.9	3.9	100.0
	Total	76	100.0	100.0	

Appendix C

Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Black	22	28.9	28.9	28.9
	White	34	44.7	44.7	73.7
	Coloured	17	22.4	22.4	96.1
	Indian/Asian	1	1.3	1.3	97.4
	Other	2	2.6	2.6	100.0
	Total	76	100.0	100.0	

Appendix D

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No formal education	7	9.2	9.2	9.2
	Primary education	9	11.8	11.8	21.1
	Secondary education	24	31.6	31.6	52.6
	tertiary education	23	30.3	30.3	82.9
	Postgraduate	13	17.1	17.1	100.0
	Total	76	100.0	100.0	

Appendix E

Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	30	39.5	39.5	39.5

	Married	33	43.4	43.4	82.9
	Divorced	3	3.9	3.9	86.8
	Widowed	10	13.2	13.2	100.0
	Total	76	100.0	100.0	

Appendix F

What is your role on the farm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Farm owner	16	21.1	21.1	21.1
	Successor (Next generation)	8	10.5	10.5	31.6
	Farm manager	14	18.4	18.4	50.0
	Worker	27	35.5	35.5	85.5
	Family	11	14.5	14.5	100.0
	Total	76	100.0	100.0	

Appendix G

Farming experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 years	13	17.1	17.1	17.1
	5-10 years	19	25.0	25.0	42.1
	11-20 years	19	25.0	25.0	67.1
	More than 20 years	25	32.9	32.9	100.0
	Total	76	100.0	100.0	

Appendix H

Descriptive Statistics			
	N	Mean	Std. Deviation
Succession planning is essential for the sustainability of agricultural businesses.	76	3.79	1.268
Our farm has a clearly defined succession plan.	76	3.99	1.419
I understand my role in the succession plan.	76	3.28	1.563
The succession plan was developed with input from all relevant stakeholders.	76	3.71	1.384
Succession planning has improved communication in our family business.	76	3.80	1.327
We regularly review and update our succession plan.	76	3.71	1.384
The succession plan has encouraged investment in modern technology.	76	3.84	1.327
Agricultural investment has increased due to clear succession plans.	76	3.41	1.453
Having a succession plan has improved financial decision-making on the farm.	76	3.30	1.452
The farm has made long-term investments (e.g., infrastructure, orchards) post-succession.	76	3.72	1.391
Successor(s) are receiving adequate training and exposure to farm operations.	76	3.39	1.461
Resistance from the current owner affects the succession planning process.	76	3.03	1.376
Succession planning is delayed due to lack of interest from the younger generation.	76	3.09	1.387
Financial constraints hinder effective succession planning.	76	3.72	1.028

Legal or regulatory issues complicate succession planning.	76	2.75	1.145
Our family has experienced conflict during the succession process.	76	3.05	1.365
Succession challenges have been successfully addressed.	76	3.18	1.521
External advisors (lawyers, consultants) were useful in succession planning.	76	2.95	1.394
Succession planning has improved farm productivity.	76	3.33	1.446
Our farm's financial performance has improved due to succession efforts.	76	3.42	1.454
The succession process has ensured the farm's long-term future.	76	3.42	1.454
The next generation is prepared and confident to manage the farm.	76	3.43	1.464
I would recommend other farmers to implement succession planning early.	76	3.74	1.310
Valid N (listwise)	76		

Appendix I

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.941[a]	.886	.885	.494

a. Predictors: (Constant), Succession planning

Appendix J

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	140.323	1	140.323	575.865	.000[b]
	Residual	18.032	74	.244		
	Total	158.355	75			

a. Dependent Variable: Agricultural investment

b. Predictors: (Constant), Succession planning

Appendix K

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.519	.133		3.898	.000
	Succession planning	1.031	.043	.941	23.997	.000

a. Dependent Variable: Agricultural investment

Appendix L





The Impact of Succession planning on Agricultural Investment in Kirkwood, Eastern Cape, South Africa.

Researcher: Mpontsheng Olive Masilo

I, ..., agree to participate in this research project. I agree to the following: (Please circle the relevant options below)

The research study was explained to me. I understand what this study is about.	YES	NO
I understand that I can volunteer to take part in the study	YES	NO
I agree that the interview/focus group/other activity may be audio recorded	YES	NO
I agree that direct quotations from my interview/focus group/other activity may be used by the researcher in their research report/ manuscript/book chapter	YES	NO
I agree that my participation will remain anonymous (my name or other identifying data will not be used by the researcher in their research report/manuscript/book chapter)	YES	NO
I agree that other researchers may use the information I provide in my interview/focus group/other activity (depending on their own ethics clearance being obtained) but my name and any personal information will not be used or passed on	YES	NO

..... (signature)

..... (name of participant)

..... (date)


..... (signature)

Mpontsheng Olive Masilo (name of researcher/person seeking consent)

..... (date)

Appendix M

Wits Business School
Sculpting global leaders

Dear Sir / Madam

My name is Mpontsheng Olive Masilo. I am a Masters student in Business Administrations at the University of the Witwatersrand, Johannesburg. My supervisor is Dr Ademola Ayodele, and I am conducting a research study on Succession planning in Agriculture. The study title is "The impact of succession planning on Agricultural Investment in Kirkwood, Eastern Cape, South Africa.

I am inviting you to take part in a questionnaire. If you decide to take part, your participation in this research study will last about 10 Minutes. This data will be stored safely in a secure area and only the researcher and supervisor will have access to it, the data will be destroyed after 5 years.

During the research activity, I will need to ask for some personal information about you, including age, gender, role, and educational level. The questionnaire will be confidential and anonymous. When I share the results of the research study, I will not include your name or anything else that could identify you. With your permission, other researchers may use the data collected from this research study, but your name and any personal information will not be used or passed on.

If you decide to take part in the research study, it should be because you want to volunteer. You do not have to take part. You can stop being in the study at any time. You do not have to answer any questions if you do not want to. You will not get any direct benefits if you choose to join the research study. You will not lose any services, benefits or rights you would normally have if you decide not to join. Taking part in the research study will not cost you anything. You will not be paid for being in this research study.

This research study will be written up as a research report. The report will be available on the university library website. If you would like to receive a summary of this report, I will be happy to send it to you.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Masilo

Yours sincerely,

Mpontsheng Olive Masilo

Researcher: Mpontsheng Olive Masilo, email: 2552535@students.wits.ac.za, phone number: 0789507063

Supervisor: Dr Ademola Ayodele, email: Ademola.ayodele@wits.ac.za , phone number: 0697484469

Appendix N

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg

Wits Business School Ethics Committee
Constituted under the University Human Research Ethics Committee (Non-Medical)

Ethics Clearance Certificate

Ethics protocol number: WBS/BA2552535/431
This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

Project title	The impact of succession on agricultural investment in Kirkwood, Eastern Cape, South Africa.
Investigator / Researcher	Ms Mpontsheng Masilo
Nature of Project	MBA (Research Article)
Decision of the Committee	Approved, provided stakeholders and participants are guaranteed anonymity and confidentiality.
Issue Date of Certificate	24/10/2024
Expiry date	Date of submission of the project / research report
Chairperson	Dr Ayanda Magida ☎ +27 11 717 3953 ✉ ayanda.magida@wits.ac.za

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Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research a I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from th research procedure as approved I undertake to resubmit the protocol to the Committee.

Masilo — Signature

31 October 2024 — Date:

Appendix O

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Private Bag 3 Wits, 2050
Fax:
Tel:

Reference: Ms Jennifer Mgolodela
E-mail: jennifer.mgolodela@wits.ac.za

07 May 2025
Person No: 2552535
TAA

Miss MO Masilo
467 Mazibuko Street
Tumahole
9585
South Africa

Dear Miss Mpontsheng Masilo

Master of Business Administration: Change of title of research

I am pleased to inform you that the following change in the title of your Research Report for the degree of **Master of Business Administration** has been approved:

From:	**The impact of succession on agricultural investment in Kirkwood, Eastern Cape, South Africa**
To:	**The impact of succession planning on agricultural investment in Kirkwood, Eastern Cape, South Africa**

Please take note that any study involving human or animal participants must receive ethics clearance from the relevant Research Ethics Committee before the study commences. It is the student's responsibility to apply for ethics clearance before starting any data collection/research activity involving human or animal participants.

Yours sincerely

Mrs Marike Bosman
Faculty Registrar
Faculty of Commerce, Law and Management

Appendix P

From: **ingulule.wbs** <ingulule.wbs@wits.ac.za>
Date: Fri, 27 Sep 2024 at 14:49
Subject: Panel feedback for Mpontsheng Masilo
To: MpontshengMasilo1@students.wits.ac.za <MpontshengMasilo1@students.wits.ac.za>, Ademola Ayodele <ademola.ayodele@wits.ac.za>

Dear Mpontsheng and supervisor(s)

Please note that the following is the feedback from your panel:

Panel Outcome For Mpontsheng Masilo (MBA)

Panel Date: 2023-07-15

Chair: Jacques Totowa

Supervisor: Ademola Ayodele

Panelists: Jacques Totowa, Ademola Ayodele, Euphemia Godspower Akpomiemie

Decision

Proceed with supervisor minor revisions

Title

Original title at panel: The impact of succession on agricultural investment in Kirkwood,Easten Cape, South Africa

Panel amended title (if any): The impact of succession planning on agricultural investment in Kirkwood,Easten Cape, South Africarm

Panel Comments

Title Problem Purpose Objectives Questions Etc

Okay

Hypotheses or Propositions

Okay

Literature, Theory & Conceptual Frameworks

Okay

Potential Contribution

Okay

Research Design

Review the sample size upwards, target minimum of 150 responds

Data Analysis

Okay

Referencing

To be improved

Literary Style

To be improved

Ethics

Human participants: Yes

Ethical risks: Yes

Potential unintended consequences: No

Conflicts of interest: No

Formal permission required: No

Level of risk: Minimal

Ethics adaptations required? Risks are adequately mitigated by current design

Other

General comments:
75

Submitted by: Pontsho Sithole

Appendix Q

QUESTIONAIRE

Section A: Demographic Information

1. What is your age?
    - 18–25
    - 26–35
    - 36–45
    - 46–55
    - 56 and above
2. What is your gender?
    - Male
    - Female
    - Other
    - Prefer not to say
3. What is your race?
    - Black
    - White
    - Coloured
    - Indian/Asian
    - Other
4. What is your highest level of education?
    - No formal education
    - Primary education
    - Secondary education
    - Tertiary education
    - Postgraduate
5. What is your marital status?

- Single
- Married
- Divorced
- Widowed

6. What is your role on the farm?
    - Farm owner
    - Successor (Next Generation)
    - Farm manager
    - Worker
    - Family
7. How many years have you been involved in farming?
    - Less than 5 years
    - 5–10 years
    - 11–20 years
    - More than 20 years

Section B: Succession Planning and Agricultural Investment

For each statement below, please indicate your level of agreement using the following scale:

1 – Strongly Disagree | 2 – Disagree | 3 – Neutral | 4 – Agree | 5 – Strongly Agree

No.	Statement	1	2	3	4	5
8	Succession planning is essential for the sustainability of agricultural businesses.	☐	☐	☐	☐	☐
9	Our farm has a clearly defined succession plan.	☐	☐	☐	☐	☐
10	I understand my role in the succession plan.	☐	☐	☐	☐	☐
11	The succession plan was developed with input from all relevant stakeholders.	☐	☐	☐	☐	☐
12	Succession planning has improved communication in our family business.	☐	☐	☐	☐	☐
13	We regularly review and update our succession plan.	☐	☐	☐	☐	☐
14	The succession plan has encouraged investment in modern technology.	☐	☐	☐	☐	☐
15	Agricultural investment has increased due to clear succession plans.	☐	☐	☐	☐	☐

No.	Statement	1	2	3	4	5
16	Having a succession plan has improved financial decision-making on the farm.	☐	☐	☐	☐	☐
17	The farm has made long-term investments (e.g., infrastructure, orchards) post-succession.	☐	☐	☐	☐	☐
18	Successor(s) are receiving adequate training and exposure to farm operations.	☐	☐	☐	☐	☐
19	Resistance from the current owner affects the succession planning process.	☐	☐	☐	☐	☐
20	Succession planning is delayed due to lack of interest from the younger generation.	☐	☐	☐	☐	☐
21	Financial constraints hinder effective succession planning.	☐	☐	☐	☐	☐
22	Legal or regulatory issues complicate succession planning.	☐	☐	☐	☐	☐
23	Our family has experienced conflict during the succession process.	☐	☐	☐	☐	☐
24	Succession challenges have been successfully addressed.	☐	☐	☐	☐	☐
25	External advisors (lawyers, consultants) were useful in succession planning.	☐	☐	☐	☐	☐
26	Succession planning has improved farm productivity.	☐	☐	☐	☐	☐
27	Our farm’s financial performance has improved due to succession efforts.	☐	☐	☐	☐	☐
28	The succession process has ensured the farm’s long-term future.	☐	☐	☐	☐	☐
29	The next generation is prepared and confident to manage the farm.	☐	☐	☐	☐	☐
30	I would recommend other farmers to implement succession planning early.	☐	☐	☐	☐	☐