



NELSON MANDELA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMIC SCIENCES

Graduate School of Business

**The Development of a Strategic Partnership Framework to Facilitate Increased
Financial Inclusion of Emerging Farmers in South Africa.**

Submitted

By

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DECLARATION:

In accordance with Rule G5.11.4, I hereby declare that the above-mentioned treatise/ ~~dissertation~~ ~~thesis~~ is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

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DEDICATION

To my best friend, **Lukho “Hale” Matini**, this treatise is dedicated to you. You were always a huge supporter of self-development and I know you would have celebrated this achievement as if it were yours. May you continue resting in peace Kwekwe.

LIST OF ABBRIVIATIONS

MSP	Multi-stakeholder Partnership
DFI	Development Finance Institutions
ICT	Information and Communications Technology
LRAD	Land Redistribution for Agricultural Development
PLAS	Proactive Land Acquisition Strategy
DAFF	Department of Forestry and Fisheries
NDP	National Development Plan
GDP	Gross Domestic Product
HLPE	High Level Panel of Experts
POPI	Protection of Personal Information
IRM	Integrative Risk Management
IRMA	Integrative Risk Management Approach
AgriSA	Agri South Africa
AFASA	African Famers Association of South Africa

ABSTRACT

Twenty seven years into democracy, emerging farmers are still considered not to be participating meaningfully in the lucrative agricultural markets. There are many academic research studies that examined the challenges faced by emerging farmers in South Africa. These studies attribute those challenges to the inability of emerging farmers to participate meaningfully in the markets. Agriculture in South Africa, though not the largest, remains one of the largest employing sectors and a source of raw material for the growth of South African economy. Therefore, the agenda of creating successful emerging farmers remains a pertinent issue in the context of South African agriculture and its growing economy. Since 1990 the government has taken on the responsibility of land redistribution and the creation of successful emerging farmers. Evidence shows that there has been little to no success in the latter which has led to remodelling of old policies and implementing them as anew.

The reality is that market integration (creating successful emerging farmers) of emerging farmers is a complex problem and requires complex solutions. Literature suggests that multi-stakeholder partnerships are an ideal solution to complex societal problems. Nonetheless, the success of multi-stakeholder partnerships depends on how well the stakeholders involved engage. The study assumes that if the stakeholders involved in the development of emerging farmers engage optimally, the business problem of financial exclusion (lack of access to finance) of emerging farmers can be resolved. This would result in increased market participation by emerging farmers. Hence, the primary research objective of this study is to investigate the factors that influence optimum engagement of multi-stakeholder partnerships between the private, public and non-profit sectors involved in the financing of emerging farmers in South Africa, and subsequently to develop a strategic partnership framework to guide these strategic conversations and financing decisions.

This study was based on the positivistic paradigm and utilised a non-probability sampling method called snowball sampling to draw the sample. The sample was comprised of farmers, technical people, managers, and executive managers from the role players involved in the development of emerging farmers. A self-administered questionnaire was utilised as the method to solicit responses from the respondents

which was sent via an online platform. The data was analysed through a statistical software programme, STATISTICA. Using Cronbach Alpha co-efficient and Exploratory Factor Analysis, the reliability and validity of the instrument was tested. Where sufficient evidence could not be given, variables were removed and not considered for further statistical analysis. The significance, strength, and direction of relationships between variables were determined using the correlation and multiple regression analysis.

The significant findings saw a strong positive relationship between optimum engagement of financing stakeholders and perceived increased levels of market participation by emerging farmers. Furthermore, risk management had a significant and positive relationship with optimum engagement of financing stakeholders. Stakeholders involved in encouraging emerging farmers to participate meaningfully in the markets must engage optimally to devise innovative models for the financial inclusion of these farmers.

Keywords: Emerging farmers, multi-stakeholder partnerships, market integration, financial inclusion, optimum engagement, development agriculture.

TABLE OF CONTENTS

DECLARATION	i
ACKNOWLEDGEMENTS	ii
DEDICATION.....	iii
LIST OF ABBRIVIATIONS.....	iv
ABSTRACT.....	v
TABLE OF CONTENTS	vii
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER 1: INTRODUCTION OF THE STUDY.....	1
1.1. INTRODUCTION AND BACKGROUND	1
1.2. RESEARCH PROBLEM	2
1.3. RESEARCH OBJECTIVES	4
1.3.1. Primary Research Objectives	4
1.3.2. Secondary Research Objectives.....	5
1.4. CONTRIBUTION OF THE STUDY	5
1.5. EMPIRICAL ANALYSIS	6
1.7. DEMARCATION OF THE STUDY	7
CHAPTER 2: LITERATURE RIVIEW	9
2.1. INTRODUCTION	9
2.2. SOUTH AFRICAN AGRICULTURE IN CONTEXT	9
2.2.1. Emerging Farmers	9
2.2.1.1. Access to Finance	10
2.2.2.2. Market Access	10
2.2.1.2. Technology.....	11
2.2.1.3. Skills and Education	11
2.2.2. Commercial Agriculture	12
2.3. CONTRIBUTION OF THE AGRICULTURAL SECTOR	13
2.4. VALUE CHAIN INTEGRATION.....	14
2.5. MULTI-STAKEHOLDER PARTNERSHIPS.....	15
2.5.1. Defining Multi-stakeholder Partnership	15
2.5.1. Multi-stakeholder Partnerships in Sustainable Development.....	16
2.5.2. Characteristics of a Successful Multi-stakeholder Partnership.....	17
2.5.3. Optimising Multi-Stakeholder Partnership Engagement.....	18

2.5.3.1. Trust	19
2.5.3.2. Organisational Structure	19
2.5.3.3. Organisational Culture	20
2.5.3.4. Power Asymmetry	21
2.5.3.5. Legislation	22
2.5.3.6. Risk Management	23
2.5.3.7. Partner Selection	24
2.5.3.8. Communication	25
2.5.3.9. Monitoring	25
2.5.3.10. Transaction Costs	26
2.6. IMPLEMENTATION OF MULTI-STAKEHOLDER PARTNERSHIP	27
2.6.1. Principal-Agent Theory	27
2.6.2. Role Players	28
2.7. SUMMARY	29
CHAPTER 3: THEORETICAL FRAMEWORK	30
3.1. INTRODUCTION	30
3.2. CONCEPTUAL FRAMEWORK	30
3.3. OPERATIONALISING VARIABLES	32
3.3.1. Dependent Variable: Perceived increased levels of market integration of emerging farmers	32
3.3.2. Intervening variable: Optimum Financing Multi-Stakeholder Engagement ..	32
3.3.3. Independent variable: Trust	33
3.3.4. Independent variable: Organisational Structure	34
3.3.5. Independent variable: Organisational Culture	35
3.3.7. Independent variable: Legislation	37
3.3.8. Independent variable: Risk Management	38
3.3.9. Independent variable: Partner Selection	39
3.3.10. Independent variable: Communication	40
3.3.11. Independent variable: Monitoring	41
3.3.12. Independent variable: Transactions Costs	41
3.4. SUMMARY	42
CHAPTER 4: RESEARCH METHODOLOGY	43
4.1. INTRODUCTION	43
4.2. RESEARCH PARADIGM	43
4.3. RESEARCH DESIGN	44
4.4. SAMPLING DESIGN	45

4.4.1. Population and Sample Frame	45
Source: Own representation	46
4.4.2. Sampling Method	46
4.5. DATA COLLECTION.....	48
4.6. RESEARCH INSTRUMENT	48
4.7. QUALITY OF THE MEASURING INSTRUMENT	50
4.7.1 Validity	50
4.7.2. Reliability.....	51
4.8. DATA ANALYSIS	51
4.9. REPORTING	52
4.10. SUMMARY	53
CHAPTER 5: EMPIRICAL RESULTS	54
5.1. INTRODUCTION	54
5.2. DEMOGRAPHIC INFORMATION	54
5.2.1. Employer	55
5.2.2. Work Level	55
5.2.3. Gender	56
5.2.4. Age Group.....	57
5.3. RESULTS OF VALIDITY AND RELIABILITY	58
5.3.1. Dependent Variable	59
5.3.1.1. Perceived Increased Levels of Market Integration of Emerging Farmers.....	59
5.3.2. Intervening Variable	60
5.3.2.1. Optimum Financing Multi-Stakeholder Engagement.....	60
5.3.3. Independent Variables	61
5.4. THE REVISED THEORETICAL FRAMEWORK.....	63
5.5. DESCRIPTIVE STATISTICS	65
5.5.1. Perceived Increased Levels of Market Integration of Emerging Farmers.....	66
5.5.2. Optimum Financing Multi-Stakeholder Engagement	67
5.5.3. Trust	68
5.5.4. Organisational Structure.....	70
5.5.5. Organisational Culture	71
5.5.6. Power Asymmetry	72
5.5.7. Legislation	73
5.5.8. Risk Management	74
5.5.9. Partner Selection.....	75
5.5.10. Communication	76

5.5.11. Monitoring.....	78
5.5.12. Transaction Costs	79
5.6. PEARSON'S SIMPLE LINEAR CORRELATION	80
5.7. RELATIONSHIPS BETWEEN VARIABLES	82
5.7.1. Relationship between Intervening Variable and Dependent Variable.....	82
5.7.2. Relationship between Independent Variables and Intervening Variable	83
5.7.2.1. Relationship between Organisational Structure and Optimum Engagement	83
5.7.2.2. Relationship between Power Asymmetry and Optimum Engagement.....	84
5.7.2.3. Relationship between Risk Management and Optimum Engagement.....	85
5.7.2.4. Relationship between Transaction Costs and Optimum Engagement.....	86
5.8. SUMMARY	86
CHAPTER 6: SUMMARY, CONCLUSION AND RECOMMENDATIONS	89
6.1. INTRODUCTION	89
6.2. OVERVIEW OF THE STUDY	89
6.2.1. General Overview.....	89
6.2.2. Research Questions	90
6.2.3. Research Objectives	92
6.3. RESEACH FINDINGS	93
6.3.1. Research finding: Perceived Increased Levels.....	93
6.3.2. Research finding: Optimum Engagement	94
6.3.3. Research finding: Organisational Structure	94
6.3.4. Research finding: Power Asymmetry	95
6.3.5. Research finding: Risk Management.....	96
6.3.6. Research finding: Transaction Costs	96
6.3.7. Hypothesis	97
6.3.8. Proposed framework to increase levels of market integration of emerging farmers.....	98
6.5. LIMITATIONS OF THE RESEARCH	98
6.6. RECOMMENDATIONS FOR FUTURE RESEARCH.....	99
6.7. CONCLUDING REMARKS	100
7. REFERENCES.....	101
APPENDIX A: ETHICS CLEARANCE APPROVAL.....	110
APPENDIX B: QUESTIONNAIRE	111
APPENDIX C: TURNITIN REPORT	115
APPENDIX D: LANGUAGE EDITOR LETTER	116

LIST OF TABLES

Table 4.1. Sample Frame.....	46
Table 5.1: Demographic composition of the sample: Gender.....	57
Table 5.2: Cronbach alpha coefficient index	59
Table 5.3: Validity and reliability of perceived increased levels of market integration of emerging farmers	60
Table 5.4: Validity and reliability of optimum financing multi-stakeholder engagement	61
Table 5.5: Validity and reliability of independent variables	62
Table 5.6: Descriptive statistics of Perceived Increased Levels of Market Integration of Emerging Farmers.....	66
Table 5.7: Descriptive statistics of Optimum Financing Multi-Stakeholder Engagement.....	68
Table 5.8: Descriptive statistics of Trust.....	69
Table 5.9: Descriptive statistics of Organisational Structure	70
Table 5.10: Descriptive statistics of Organisational Culture	71
Table 5.11: Descriptive statistics of Power Asymmetry	73
Table 5.12: Descriptive statistics of Legislation.....	74
Table 5.13: Descriptive statistics of Risk Management	75
Table 5.14: Descriptive statistics of Partner Selection	76
Table 5.15: Descriptive statistics of Communication	77
Table 5.16: Descriptive statistics of Monitoring	78
Table 5.17: Descriptive statistics of Transaction Costs	79
Table 5.18: Correlation coefficient interpretation	80
Table 5.19: Correlation between variables	81
Table 5.20: Simple Regression with Optimum Engagement and Perceived Increased Levels (n=60)	83

Table 5.21: Summary of Multiple Regression Analysis of the relationship between the Independent variables and Perceived Increased Levels (n=60)	85
Table 5.22: Summary of significant observations on the dependent variable	87
Table 5.23: Summary of significant observations on the intervening variable	87
Table 5.24: Summary of significant observations on the independent variable	88
Table 6.1: Summary of the hypothesis tested in the revised model	97

LIST OF FIGURES

Figure 2.5.1. Integrative Risk Management Approach	24
Figure 3.1. Theoretical Framework for Perceived Increased Levels of Market Integration of Emerging Farmers.....	31
Figure 5.1: Demographic composition of the sample: Employer	55
Figure 5.2: Demographic composition of the sample: Work Level	56
Figure 5.3: Demographic composition of the sample: Age group	57
Figure 6.1: Revised theoretical framework	98

CHAPTER 1: INTRODUCTION OF THE STUDY

1.1. INTRODUCTION AND BACKGROUND

The South African elections of 1994 marked the transition of the country to a democracy and with it substantial policy reforms. Prior to 1994, the South African agricultural sector was dualistic in nature. It was characterised by a technological advanced, modern, and efficient commercial agriculture on the one end and a non-productive, backward and subsistence agriculture on the other end (Kirsten & van Zyl, 1998; Greyling, Vink, & Mabaya, 2015). To address this dualism and to redress the skewed land ownership patterns and enhance equitable participation in the mainstream economy, the Land Reform policy was implemented (Sebola, 2018; de Klerk, Fraser, & Fullerton, 2013). However, according to Binswanger-Mkhize (2014) 20 years after the implementation of the Land Reform Policy there has been little success and a plethora of partial or complete failure reported. At a broader level of policy discussions, the failure has been the inability for the land reform to meet its land redistribution targets and at an operational level, to successfully keep the redistributed land in production.

Keeping redistributed land in production means a successful transitioning of emerging farmers who are now operating on commercial farms to become commercial farmers. Additionally, communal lands under irrigation schemes and those that have potential to operate at commercial level need to be brought to realisation. Until early 2000, this has been left to the government to grapple with and failure has resulted to the redrawing of failed policies, remodelling old approaches and implementing them as new. Literature suggests that the land reform struggled with challenges inherent to the policies of land reform and those inherent to the emerging and communal farmers. Challenges inherent to the policies themselves, inter alia, included poor beneficiary selection, forced groups / co-operative farming, subdivision of economic units and unclear programme procedures (Binswanger-Mkhize, 2014). On the other hand, Lahiff, Davis and Manenzhe (2012) highlighted lack of production and marketing expertise, access to finance, abuse of power by local elites and internal conflicts which can be classified as challenges inherent to the beneficiaries of land reform and the

communal farmers. All these challenges have resulted in the inability of the emerging farmers to integrate and participate meaningfully in the lucrative markets. This failure over 27 years suggests that this is a complex problem and will require complex solutions.

Literature suggests that complex problems can be solved through Multi-stakeholder Partnerships (MSP) which require cross sector co-operation (Vayaliparampil, Page, & Wolterstorf, 2021). The government engaged the private sector to seek innovative and inclusive solutions to address the challenges faced by emerging and communal farmers. Strategic partnerships, which come in different forms, were seen to be an effective way where maintenance of productivity in commercial farms, access to information and markets and skills transfer and development could be achieved (Lahiff et al., 2012). However, though there has been some success achieved by strategic partnerships in South Africa, there is still a level of failure and the inability to replicate the success at a larger scale. This is due to a lack of access to finance for these strategic partnerships which is a result of the complexity of the relationships between the stakeholders involved in the agricultural finance. The solutions require optimum stakeholder engagement to devise these innovative solutions and implement them.

The aim of this research was to develop a theoretical framework that could be utilized to optimise the engagement of multi-stakeholders to address the issue of access to finance for increased levels of market integration of emerging farmers. This research drew from practical experiences from a technical point of view rather than purely academic to provide perspective to the real challenges faced and solutions implemented.

1.2. RESEARCH PROBLEM

South Africa has been struggling with addressing the issue of the dualism that exists in the agricultural sector since the transition to democracy. One of the main challenges being the transitioning of emerging farmers to being commercial farmers or the integration of emerging farmers to the mainstream agricultural markets. Government has played a leading role in this regard through land redistribution and post settlement support such as finance, extension services, and market integration but has

characterised very minimal success (Sebola, 2018; Makombe; 2018; Binswanger-Mkhize, 2014). The private sector became more involved in the development of emerging farmers through various forms of partnerships (Lahiff et al., 2012; Bitzer & Bijman, 2014; Okunlola, Okunlola, Ngubane, Cousins, & du Toit, 2016) but failed to address fundamental emerging farmer issues (Bitzer & Bijman, 2014; Dlamini, 2016). Financial solutions provided by the Government and Development Finance Institutions (DFI) have failed to provide sustainability and commercial financial institutions have also failed to participate meaningfully in the agricultural development of emerging farmers (Oberholster, 2014; de Klerk et al., 2013).

This failure is mainly due to the nature of these strategic partnerships that exists in the agricultural sector which are multi-stakeholder in nature. Therefore, the management of these relationships becomes paramount from the operational, empowerment and integration point of view between partners but also needs to provide comfort for financial institutions to provide finance. Therefore, against this background, the research problem is formulated as follows:

As a result of structural differences between multiple stakeholders involved in agricultural financing, strategic partnerships between them remains complex; and as a result, emerging farmers continue to struggle to access credit and ultimately be integrated into more remunerative markets.

How can these structurally different stakeholders collectively address the issue of financial inclusion of emerging farmers in the agricultural sector? This identified research problem can further be categorised into research questions. The main research question is as follows:

How can the engagement of different stakeholders involved in agricultural financing be optimised and by doing so ensure higher levels of financial inclusion and market integration amongst emerging farmers?

The business models and strategies will also increasingly be characterised by the engagement of several different stakeholders across the private sector, public sector and farmers and the sustainability depends heavily on the ability of multi-stakeholders to develop a collective paradigm for the future. Therefore, to achieve this, the main

research problem will be further supported by the secondary research questions presented below:

RQ1: What should multi-stakeholders involved in the financing of emerging farmers do in order to ensure the financial inclusion of emerging farmers?

RQ2: What are the factors that influence multi-stakeholder engagement for increased levels of financial inclusion of emerging farmers?

RQ3: How can the engagement of multi-stakeholder partners be optimised for a collective paradigm for higher levels of financial inclusion and market integration of emerging farmers?

RQ4: How can the multi-stakeholder partnerships be implemented and managed to ensure increased levels of financial inclusion of emerging farmers and comfort of stakeholders?

1.3. RESEARCH OBJECTIVES

1.3.1. Primary Research Objectives

The primary objective of the study was to ***investigate the factors that influenced optimum engagement of multi-stakeholder partnerships between the private, public, and non-profit sectors involved in the financing of emerging farmers in South Africa, and subsequently to develop a strategic partnership framework to guide these strategic conversations and financing decisions.***

The dependent and intervening variables (Influencing factors) were identified and together with the dependent variable were investigated and empirically tested. The study tested whether there were relationships that existed between the variables and the direction and significance of their influence to the dependent variable.

1.3.2. Secondary Research Objectives

To achieve the above-mentioned primary objective, the following secondary research objectives were pursued:

SRO 1: To conduct an extensive literature review on key factors affecting the development of a collective paradigm for higher levels of financial inclusion and market integration of emerging farmers.

SRO 2: To develop a theoretical framework that would guide the strategic conversations between multiple stakeholders involved in agricultural financing for higher levels of financing inclusion and market integration of emerging farmers.

SRO 3: To construct a detailed questionnaire used as a measuring instrument, to collect primary data to measure the hypothesised relationships between the dependent and independent variables included in the theoretical framework.

SRO 4: To utilize a snowball sampling method for collection of primary data from 200 respondents who were farmers or working for the role players involved in the development and financing of emerging farmers in South Africa.

SRO 5: To run the data through a statistical software programme to empirically test the proposed theoretical framework.

SRO 6: To present, discuss and interpret the results and make meaningful recommendations based on statistical analysis of the results.

1.4. CONTRIBUTION OF THE STUDY

The private sector has played a role in the agricultural development arena to try and bring underutilized and fallow land back into production while integrating owner/beneficiaries to the market. These efforts are often uncoordinated and multi-stakeholder in nature. This research sought to develop a theoretical framework that can motivate financial institutions to provide finance and that the role players could follow to successfully integrate emerging farmers to the market. This research drew from practical cases to give practical solutions in the management of relationships in

multi-stakeholder partnerships. This included identification and documentation of other role players and their roles needed for the success of these MSPs over and above the immediate business partners.

1.5. EMPIRICAL ANALYSIS

The methodology of this study was located within a positivistic paradigm. A positivist paradigm of exploring social reality is based on the idea that the basis of understanding human behaviour is experimentation, observation and season based experience (Kivunja & Kuyini, 2017). Therefore, the methodological aspects of this research as to how the research was conducted and how the data was analysed was located on a positivist paradigm. The study is a quantitative study which seeks to develop a theoretical model. A survey approach was adopted for this study. Survey approach is used to provide a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population (Creswell, 2009). To develop a theoretical model, secondary research was conducted to identify as many factors as possible from the secondary data sources such as journals, books, internet sources and government sources. From the target population, a sample was drawn using sampling techniques to draw a representative sample.

An appropriate measuring instrument was developed and used to collect primary data from the primary sources to empirically test the conceptual model. Using an econometric technique, the conceptual model was tested for relationships that might exist between the factors and eventually proposed a theoretical framework for the implementation of successful strategic partnerships in the South Africa. The methodological paradigm within which this study was located necessitated drawing a sample that was representative of its population because the results of studying the sample would be generalised back to the population. According to Creswell (2009) the quality of a quantitative research is not only determined by the methodology and instruments used but also by the suitability of the sampling strategy adopted.

The study developed and made use of a self-constructed structured questionnaire as a tool to solicit responses from the respondents for primary data. The questionnaire consisted of both closed-ended and open-ended questions in order to capture the

views of the respondents but was limited for the ease of coding. The self-administered questionnaire was used to target the respondents that could read and had access to a means of completing an online survey and these included specialists involved with development in government, financial institutions, industry, and organised agriculture.

Statistical analysis was used to analyse the data. The trustworthiness of a quantitative study depends heavily on the validity, reliability, and generalisability of the study and Kivunja and Kuyini (2017) agree that the validity of test results is one of key strengths of the positivist paradigm. Creswell (2009) mentioned that the consistency in the test administration and scoring relates to reliability and the possibility of drawing meaningful and useful inference using a particular instrument relates to validity. Cronbach's Alpha reliability coefficients were calculated for each factor to identify the internal consistency amongst the variables in the conceptual model and to confirm the reliability of the measuring instrument. Exploratory Factor Analysis (EFA) was used to test the validity of the research instrument. Correlation and regression were used as statistical techniques to test the relationships that existed between the factors that were identified for the theoretical framework.

1.7. DEMARCATION OF THE STUDY

The study consists of six chapters where Chapter 1 introduces the background of the study together with the statement of the research problem key to this study and the objectives that are intended to be achieved. Chapter 2 provides a literature review looking at the real challenges facing emerging farmers, multi-stakeholder partnerships and value chain and value chain integration. The literature reviews give basis for the construction of the theoretical framework which is proposed for empirical testing for the final framework to be proposed as a guide to market integration of emerging farmers. In essence, it indicates the dependent, intervening and independent variables that guide the future working of these strategic partnerships. Chapter 3 presents the proposed theoretical framework of perceived increase in financial inclusion of emerging farmers. The selected variables are discussed and operationalised with regards to this research and the relationships that exist are hypothesised. Chapter 4 provides the plan for the research with details of the paradigm within which the study

falls and how the data was solicited, analysed, and presented for the final proposition of the empirically tested framework. Chapter 5 presents the findings of the factors that affect the market integration of the emerging farmers drawing contradictions and similarities from the existing literature. Lastly in Chapter 6 are the recommendations and conclusion, which make recommendations based on the new evidence, highlight limitations and suggest areas of future research followed by the conclusion.

CHAPTER 2: LITERATURE REVIEW

2.1. INTRODUCTION

This chapter provides the background to the South African agricultural sector to provide the context within which the call for successful market integration of emerging farmers is necessitated. The market integration of emerging farmers to the market is a complex problem that faces South Africa today. It is complex because there are various elements that need to be addressed and they require multiple actors to be addressed. For this research, access to finance is one of those elements that needs to be addressed to allow other elements to be addressed. The problem is that the finance and balance sheets lie with the banks, the government controls legislation, the farmers have access to land and agribusinesses have a role to play. Therefore, a multi-stakeholder approach is necessary to enhance access to finance. However, for a multi-stakeholder partnership to achieve this, the collaboration between stakeholders needs to be enhanced.

2.2. SOUTH AFRICAN AGRICULTURE IN CONTEXT

2.2.1. Emerging Farmers

One of the challenges in South Africa is that “small scale”, “smallholder”, “subsistence” and “emerging farmer” are often used interchangeably. This has had an impact on the design and implementation of effective programmes aimed at bringing about the desired success of such programmes. According to Piennar and Traub (2015) this generic approach has led to misleading assumptions about the nature of interventions required which has led to programmes being unable to stimulate rural growth and poverty alleviation. Hence it is imperative for this research to define emerging farmers as the target group of the study. This is important because not all farmers must be commercialised but a strong model for small scale and subsistence farmers needs to be developed. Binswanger-Mkhize (2014) also highlighted this as a flaw to the land reform programme that at some point all government programmes focused on the

commercialisation of farmers, even if they were not designed to do so but were implemented to do so. For this research, the term “emerging farmer” was used and they are defined as smallholder farmers who are aspiring to fully commercialise their production (Zantsi, Greyling, & Vink, 2018).

2.2.1.1. Access to Finance

The level of risk associated with agricultural production which is inherent to its nature has made the sector one of the most difficult sectors to finance. This is exacerbated by the pervasive climatic conditions and changes in patterns as the world faces global warming. Thus, according to Koning, Da Silva and Mhlanga (2013) financial constraints are more prevalent to the agricultural sector than any other sector in general. To emerging farmers, lack of access to finance has become one of their characteristics as many authors identify access to finance as one of the main challenges of emerging farmers. This is mainly due to the stance that formal financial institutions take that they require collateral to provide finance against. With emerging farmers, collateral is a challenge, and this was also worsened by the changes in the land acquisition strategy by the government from Land Redistribution for Agricultural Development (LRAD) to Proactive Land Acquisition Strategy (PLAS) which had land tenure implications. Oberholster (2014) advocates that the current financing method needs to be challenged and changed so that financing models include emerging farmers as well.

2.2.2.2. Market Access

Emerging farmers are hindered to market access by various factors which, inter alia, include market information, quality and quantity, transport, and regulations (Baloyi, 2010; Khapayi & Celliers, 2016; Mutero, Munapo & Seaketso, 2016). Changing global food systems on the other hand have not made these challenges any easier as world agro-food systems must evolve to respond to rising customer demands for food quality and safety (Sudha & Kruijssen, 2011; Millar & Jones, 2010). This trend has been facilitated by the shift towards more consumer centric markets as power passes to the

hand of the consumers (Oberholster, 2014). The shift in the global food systems is the backdrop of the pre-existing challenges facing emerging farmers to access markets and calls for a comprehensive solution that will successfully integrate emerging farmers to these demanding contemporary markets.

2.2.1.2. Technology

According to Loeper, Musango, Brent and Drimie (2016) the overall agricultural prices have not increased over time, but farmers have managed to keep their businesses profitable which has been achieved through finding efficient means of production. The Neoclassical theories on productivity attributes changes in output levels as a result of either increase in factors of production or the improvement of the effectiveness of production techniques. Commercial farmers have achieved leveraging technology while on the other hand emerging farmer's productivity is hampered by inadequate technology access and use (Khapayi, 2013; Mutero et al., 2016; Okunlola et al., 2016). According to Pfunzo (2017) this inadequacy to access to technology is exacerbated by the difficulty to adopt technology due to age and educational background of most emerging farmers. If emerging farmers are to play a meaningful role in mainstream agriculture, technology should be integrated in various farming activities especially in the fourth industrial revolution. The potential areas of integrating technology are the use of ICT technology in linking farmers with financing institutions, markets, suppliers, in communication and in production.

2.2.1.3. Skills and Education

Okunlola et al., (2016) citing Ortmann and King (2007) highlighted low levels of education and literacy as one of the challenges of emerging farmers. According to Baloyi (2010) human capital is one of the constraints faced by emerging farmers where the farmers are often illiterate and lack technological skills. Human capital is the skill which is acquired either through education or experience and this reinforces the challenge of low levels of education. Baloyi (2010) attributes the failure of land reform farms to the lack of skills by beneficiaries of land reform while Khapayi (2013) and

Khapayi and Celliers (2016) emphasise the lack of management skills such as marketing, banking, finance and production. Lower education levels and the lack of skills have implications for the adoption of technology and therefore access to finance and markets. Therefore, a proper skills transfer is paramount to a successful integration of emerging farmers and requires attraction of youth to agriculture and proper succession planning.

2.2.2. Commercial Agriculture

At the other end of the agricultural sector's dualism is the commercial farming sector. This sector is famous for its efficiency, technological advancement, and its large scale of operations (Greyling et al., 2015; Okunlola et al., 2016). Despite the Land Reform since 1994, this sector is still dominated by white farmers who are responsible for the production of the bulk of the agricultural produce that is marketed. Greyling et al., (2015) highlighted that there is approximately 100 million hectares of land available for agriculture in the country and 82 million hectares is used by commercial farmers. The land utilisation in terms of the farming units and the gross income distribution in terms of the proportion is still largely concentrated in this sector. According to Liebenberg (2013), 33.5% of the South African farming income was produced by 0.6% of the top farmers while 85.4% of family-owned farms were responsible for 53.9% in 2007. Moreover, currently there is approximately 35 000 commercial farmers left in the country (Okunlola et al., 2016) while the land under production has not declined much, taking into consideration the Land Reform failure to meet its land redistribution targets.

This level of concentration in the commercial farming sector has not always been the case. The observed numbers of commercial farmers in the country from 1910 peaked at approximately 120 000 farmers in the early 50's (Liebenberg, 2013; Greyling et al., 2015) and started to decline so that by 1994 there were 60 000 commercial farmers and currently approximately 35 000 (Okunlola et al., 2016). This decline in the total number of farmers occurred while the amount of land farmed remained constant, which implies that the farm sizes were increasing. According to Okunlola et al. (2016) citing Liebenberg (2013), during the 1950's the average size of the farms was 750 hectares which increased to 1400 hectares in the early 80's and to approximately 2

300 hectares by the late 2000's. These trends have caused curiosity and this makes it important to review how the commercial farming sector has evolved over time as we pursue the commercialisation of emerging farmers. The reasons for these changes might give insights on coping mechanisms that emerging farmers may have to adapt themselves to once they are commercial.

If these changes are viewed purely from a financial point of view, it makes sense to consolidate into larger units to attain economies of scale which can provide some competitive cost advantage. Nonetheless, Kirk (2013) draws attention to the impact that trade liberalisation had on commercial farming in South Africa. At the height of global sanctions to South Africa and global deregulation, the government withdrew its protectionist policies in the form of subsidies, lower interest rates, credit facilities through the Land Bank and deregulation of marketing boards (Kirk, 2013). These exposed the commercial farming sector to borrowing at market related interest rates and to tough competition from global producers as a result, and according to Hall (2009) commercial agriculture was in serious trouble by the late 80's. This was exacerbated by the organisation of labour which gave bargaining power to farm workers and ended the unilateral management style that existed in the sector. Development of coping mechanisms were inevitable, commercial farmers were forced to be efficient in production, manage costs to the letter and enhance productivity.

Thus, contemporary commercial agriculture is characterised by even higher levels of mechanisation, seasonal-skewed employment, export-orientated, corporate-owned farms and multi-nationals such as San Miguel in the Sundays River. Kirk (2013) emphasises that small family-owned farms that used to be profitable are now sometimes marginal. Therefore, competition in the sector has become fierce and thus coping mechanisms learned from commercial agriculture may yield better insights into the developing of an extensive commercialisation plan.

2.3. CONTRIBUTION OF THE AGRICULTURAL SECTOR

The agricultural sector has always been considered as an important and strategic sector in an economy for economic growth. These considerations emanate from the fact that over and above its contribution through the provision of food, employment

and foreign exchange, its backward and forward linkages provide even more contributions. DAFF (2018) highlighted the backward linkages with the manufacturing sector through purchases of inputs for primary production and forward linkages through supply of raw materials for the manufacturing industry. This is consistent with the argument by Mellor and Johnston (1984) which emphasises the importance of agriculture as a driver of economic growth, particularly in the early stages of industrialisation.

The contribution of the agricultural sector to the economy has declined over years and since 2005 it has declined to less than 2.5% per annum to the GDP (Greyling, 2012; DAFF, 2018). It is worth noting that the decline is a universal trend and is owed to the relative growth rate in other sectors such as manufacturing. Nonetheless, the South African government still considers the sector key to the economic development as describe in the 2013 National Development Plan (NDP). This is mainly due to the production and consumption linkages whose knock-on effect can result tin a considerable contribution. Pfunzo (2017) highlighted that since agriculture is a user and a provider or raw materials to other sectors, it creates direct employment and indirect employment while increased incomes from agricultural households will stimulate demand for products produced from non-agricultural sectors.

2.4. VALUE CHAIN INTEGRATION

The agricultural sector faces challenges that require increased levels of integration and co-ordination due to the more complex food systems that exist today, which are buyer driven. To integrate emerging farmers to these modern food value chains requires multi-stakeholder partnerships because they have sophisticated forms of co-ordination, integration and rules of participation (Vorley, 2001). Value chain integration has benefits that can resolve some of the challenges that face emerging farmers. According to Sudha and Kruijsen (2011) seasonal gluts and their associated price crashes can be reduced through value chain integration while also contributing to the reduction of post-harvest losses. Additionally, Oberholster (2014) highlighted the benefits of linking farm level production to regional and global markets allowing producers to participate in the high value markets.

2.5. MULTI-STAKEHOLDER PARTNERSHIPS

2.5.1. Defining Multi-stakeholder Partnership

The concept of multi-stakeholder partnership has gained significant attention across various disciplines of society owing to what it is able to achieve. It is believed that due to its principle of various stakeholders participating together to solve a common problem it is more effective compared to one organisation solving the problem. Though multi-stakeholder partnership is clearly defined, it is often used interchangeably with multi-stakeholder platforms, multi-stakeholder processes or multi-stakeholder networks to denote some form of collaboration. Faysse (2006: 219) defines MSP as “decision making bodies (voluntary or statutory) comprising of different stakeholders who perceive the same resource management problem, realise their interdependence for solving it and come together to agree on action strategies for solving the problem”. Though this definition provides the gist of what the principle of MSP is all about, it is silent on how the stakeholders contribute towards solving the problem and benefit from it.

Hazlewood (2015: 2) provided a detailed definition that “it is an ongoing working relationship between organisations from different sectors, combining their resources and competencies and risk sharing towards achieving agreed objectives while also achieving their own individual objectives”. The definition by Hazelwood highlights the pooling of resources and sharing of risk which is important due to the complexity and scale of societal problems while minimising risk for an individual organisation. According to the HLPE (2018) MSP do not end with the conclusion of the financial transaction aimed at economic gains for different stakeholders but instead initiate a working and sometimes a long-term working relationship based on trust. The agricultural sector by creation is a risky environment for finance as it is affected by factors that are beyond its control even more so taking into consideration the discussion above for financing emerging farmers. Therefore, a MSP would be ideally

suited to solving the risk issue for one organisation while bringing different resources to mitigate the risk and improve the success of these farmers.

Hemmati and Dodds's (2017: 2) definition brings the concept even closer to transforming the agricultural sector, defining MSP for sustainable development as "specific commitments and contributions, undertaken together by various parties intended to support the implementation of transformation towards sustainable development and achieve relevant development agreement needs". The South African agricultural sector is notorious for its dualism and the transformation of this sector requires more than just the transfer of land, though a primary step, but also combined efforts to make it sustainably productive. Hence this requires a long-term optimum cross-sector multi-stakeholder engagement to resolve the issue of financing development efforts so that the rest can be achieved.

2.5.1. Multi-stakeholder Partnerships in Sustainable Development

The advancement in human race driven, amongst other drivers, by gains in technological advancement and innovation has also seen complex societal problems on the rise. These include persistent poverty as population growth increases, and prevalent disease outbreaks occur as living proximity gets smaller (Murphy & Walsh, 2020). Climate shift is characterised by devastating weather events all which add to the societal problems (Hazlewood, 2015). Moreover, malnutrition is on the rise with both under nutrition and obesity, frequent civil wars resulting in refugee challenges and food shortages being amongst complex societal problems. The complexity of these problems means that they cannot be solved without co-operation and therefore they need a multi-dimensional and cross-sectorial and holistic approach (MWFS, 2018; Vayaliparampil et al., 2021). Similar to the issue of access to development finance for agriculture in South Africa, it requires multi-stakeholder engagement and collaboration to make gains towards successful integration of emerging farmers to markets.

MSPs have been widely recognised as delivering better outcomes in solving complex problems and have been called on as more of an approach across various disciplines and problems (Fayse, 2006; Brouwer, Hemmati & Woodhill, 2019; Vayaliparampil et

al., 2021). Hermans, Sartas, van Schagen, Asten and Schut (2017) concur that agricultural development impacts can better be achieved using multi-stakeholder partnerships as vehicles to engage different stakeholders to solve shared problems. This is indeed the case in the efforts in developing emerging farmers. Government has played an overall role in developing emerging farmers with little participation from the private sector. Moreover, according to Loveridge and Wilson (2017) the increase in global interest for MSP is due to the claims that there is general dissatisfaction with the scale, scope, and speed in achieving the desired development goals. There is a belief that MSP will enhance inclusive participation and close the implementation gaps while it enhances private sector participation in the development. Thus, Loveridge and Wilson (2017), citing Reit al., 2014, maintain that MSP is a key component that increases private sector collaboration.

2.5.2. Characteristics of a Successful Multi-stakeholder Partnership

The concept of various stakeholders pooling resources, sharing risks, and solving complex problems is a good concept, however, effort must also be good. Brouwer et al., (2019) suggest that one should not be naïve as getting different people to work together is not an easy thing to achieve. Brouwer et al., (2019) attribute this to diverse and competing interest, values, organisational structural differences and cultural differences. Faysse (2006) also highlighted that the context under which MSPs are implemented can also affect the success of multi-stakeholder partnerships. These bring the discussion closer to the business problem that this research is trying to address of how multi-stakeholders can engage optimally to enhance access to finance for the development of emerging farmers in South Africa.

Literature indicates that even though there are a lot of suggestions as to what can make MSP successful, there are common themes on the factors needed for success of MSPs. There are also various areas that can be looked at for successful MSPs such as effectiveness, efficiency, engagement, etc. Faysse (2006) emphasised the focus on power relations, platform composition, representativeness and participation, decision making and cost. Brouwer et al., (2019) suggested seven principles that include system change, transformation, power relations, conflict management,

communication, collaborative leadership, and participatory learning. The HLPE (2018) suggested focusing on internal conditions such as trust, power asymmetries and transaction cost and external conditions such as transparency and accountability, capacity building and policy convergence. Vayaliparampil et al. (2021) viewed the success of MSPs from a cooperative capacity point of view advancing that inclusion, common understanding and trust were fundamental to the MSP success.

Vhugen (2015) focused on enhancing the MSPs to improve land governance suggested objective setting, communication, transparent decision making, flexibility of the partnership structure and processes, inclusiveness, monitoring and evaluation, resources, and capacity building. Lastly, Sanderink and Nasiritousi (2020) assessed the role of co-ordination and institutional interactions between multi-stakeholders for increased performance and effectiveness. According to the authors organisational culture (norms and principles) among partners had an impact on partnership effectiveness but more so, the interaction of institutions characterised by exchange of information, knowledge and ideas increased the performance and effectiveness of partnerships.

2.5.3. Optimising Multi-Stakeholder Partnership Engagement

Different studies suggest a wide range of characteristics that multi-stakeholder partnerships must have to succeed and a number of factors that influence the performance of multi-stakeholder partnerships. Though wide and different, there seem to be common themes which are also discussed but have been narrowed down to factors considered important in optimising MSP engagement to enhance access to finance for agricultural development in South Africa. The study focuses on the factors such as trust, organisational structure, organisational culture, process alignment, legislation, partner selection, and communication and transaction costs.

2.5.3.1. Trust

When reviewing literature on factors that affect the success of an MSP, trust seemed to be the most common factor that emerged across most studies. Vayaliparampil et al. (2021: 3) defined trust as “the belief in each other’s words, actions and decisions regarding the partnership”. Trust can be built through the clear and common understanding of roles and responsibilities of each partner in the MSP (HLPE, 2018) and practices and procedures in the governance of the partnership (Vayaliparampil et al., 2021). It is important that trust is built at the beginning of the partnership and reinforced throughout the period of the partnership. This is particularly important because according to HLPE (2018) shared values of the partnership, partnership’s short- and long-term goals, course of strategy and action priorities, situation diagnosis and way forward and cost of the MSP may be sources of mistrust. Trust can minimise risks perceived by partners such as opportunistic behaviour by a partner, fear that sensitive information may be mishandled, abuse of power acquired during partnership and the inability by partner to abide by the rules of the MPS (Atouba & Shamate, 2019).

To achieve trust in an MSP, clear goals must be set (Kirk, Lavizzari & Puetz, 2008), there must be transparency in decision making (Vayaliparampil et al., 2021) and inclusiveness and accountability must be prevalent (Ayala et al., 2018). HLPE (2018) emphasised that the establishment and continuous reinforcement of trust could overcome the initial mistrust and tensions that might occur so that MSPs could function effectively and efficiently. Therefore, trust forms the very basis of the MSP, and it creates an environment where other factors can be achieved. However, trust is a very delicate issue because it is affected by emotional issues which can be subjective most of the time. Vayaliparampil et al, (2021) citing Sloan and Oliver (2013) who found that in the partnership process there are emotional incidents that affect trust and may disrupt the path of trust building in an MSP.

2.5.3.2. Organisational Structure

Organisations that may be ideal partners for the multi-stakeholder partnership may often be completely structurally different which can be an inhibiting factor in their

optimum collaboration. Kil (2015) citing Marquardt (1996) argues that the rigidity of boundaries, organisation's size, lack of connection and bureaucratic restrictions can inhibit an organisation from optimum collaboration in an MSP. Dentoni, Bitzer and Schouten (2018) notes that organisational structure should not be an inhibiting factor instead an organisation must possess and develop certain capabilities to enhance their collaboration in an MSP. Kil (2015: 9) advanced four organisational capabilities necessary for an organisation to perform well in an MPS. These include (1) sensing; which is "an ability of identifying stakeholders and understanding their needs", (2) interacting; which is "the ability of initiating, developing, establishing and strengthening ties with stakeholders", (3) learning; which is "the ability of acquiring, assimilating and transforming knowledge from stakeholders" and (4) changing; which is "the ability of using knowledge from stakeholders in organisational operations and strategies".

Changing organisational structure just for an organisation to collaborate optimally when it joins an MSP may prove impossible and more importantly the costs might not outweigh the benefits, hence developing capabilities for enhanced collaboration may be the sensible way. Dentoni et al. (2018) and Kil (2018) suggest five formal organisational characteristics that can enable an organisation to collaborate effectively in an MSP (1) a divisional / matrix structure, (2) a functional structure, (3) low level bureaucracy, (4) flat organisation / limited hierarchy and (5) long term multi-disciplinary teamwork.

2.5.3.3. Organisational Culture

Culture and organisational culture are powerful factors that require careful consideration whenever an organisation considers going into any form of partnering with another organisation. Kil (2015) looked at culture from an organisational structure point of view and posited that organisational culture is a form of structure; a social structure which develops within an organisation even through an organisation may have its formal structure. Organisational culture distinguishes one organisation from another due to the systems of shared assumptions held by its members (Werner, 2016). Citing Solove (2004), Werner (2016: 105) defined culture as "everything a group thinks, says, does and makes, its customs, ideals, morals, habits, traditions,

language, material artefact and shared systems of attitudes and feelings that help to create standards for people to coexist and which are acquired, developed and passed on by the group consciously or unconsciously to subsequent generations". Kil (2015) also argues that beliefs and assumptions, values, perceptions and attitudes, group norms and feelings are a source of organisational culture.

Brouwer et al. (2019) suggest that change in the formal and informal norms and values that guide how people think and behave is important for successful MPSs and that deeply held values and established traditions can be barriers to change. This resonates with the sentiment held by Werner (2016) that culture can be a source of problems in management especially when an organisation considers to go into any form of partnership, and culture becomes a restraining factor in change. It is a well-known saying that "culture eats strategy for breakfast", therefore, for better MSP collaboration a culture of collaboration must be possessed or developed by organisations that consider multi-stakeholder partnering.

2.5.3.4. Power Asymmetry

Stakeholders that partner together in an MSP to solve a common problem may come in different sizes and so does the power they possess. Faysse (2006) defined power as the capacity of a person or a group to obtain leverage so that, in a relationship with another person or group, the components of interaction are favourable for the former over the latter. This can occur frequently in an MSP where power asymmetry exists. According to Foley, Wiek, Kay, and Rushford (2016) power asymmetry, along with mistrust, is one of the underlying factors of the flaws in critical content outcomes of the collaboration process. According to Foley et al. (2016) the manifestation of power asymmetry can be observed through behaviours shown by powerful stakeholders such as information withholding, expertise biases, meeting setting and exclusivity in decision making.

In the case of improving access to finance for emerging farmers, the issue of dominant stakeholders is a certainty and will be an issue. Though there are a number of ways power asymmetry can manifest, including those highlighted by Foley et al. (2016). Faysse (2006) also highlighted the following three;

- A dominant stakeholder imposing its ideas and controlling the process of decision making.
- Using its power to control how the decision is implemented and
- Using its power to avoid the engagement and negotiation process.

Nonetheless, even though power can be a negative force, Brouwer et al. (2019) argue that power can be the same force that can be used to bring about much needed change. It is possible to achieve symmetrical power in the MSPs (Foley et al., 2016) and it can be achieved through carefully designed novel engagement approaches. HLPE (2018) suggested (i) clearly defined roles and responsibilities, (ii) creation of appropriate governance structure and (iii) setting up a strong and transparent conflict resolution mechanism. Faysse (2006) argued that less powerful stakeholders may suffer from power asymmetry because they lack finance and technical knowledge to engage meaningfully in a discussion. He further argues that if they can be empowered through proper representation they can participate meaningfully. On the other hand, Brouwer et al. (2019) argued that like the empowerment of less powerful stakeholders, dominant stakeholders can be empowered to use their power constructively.

2.5.3.5. Legislation

Multi-stakeholder partnership also relies heavily on a conducive legislative environment for optimum collaboration and effectiveness. As mentioned earlier, government can also partake in the MSP as a partner, however, it must put in place legislation that allows stakeholder collaboration to occur optimally. Good legislative framework can also ensure that power asymmetries have a framework within which they can be managed to avoid unfair participation from powerful actors. According to Banerjee, Murphy, and Walsh (2020) conducive institutions of government and legislative framework can create an environment that can facilitate the trade-offs and the sacrifices that organisations and / or individuals are willing to make to be in a partnership.

Some legislations can inhibit optimum collaboration of stakeholders in an MSP. The Protection of Personal Information (POPI) Act, for example, can be an inhibiting piece of legislation on how organisations gather, save and share client information amongst

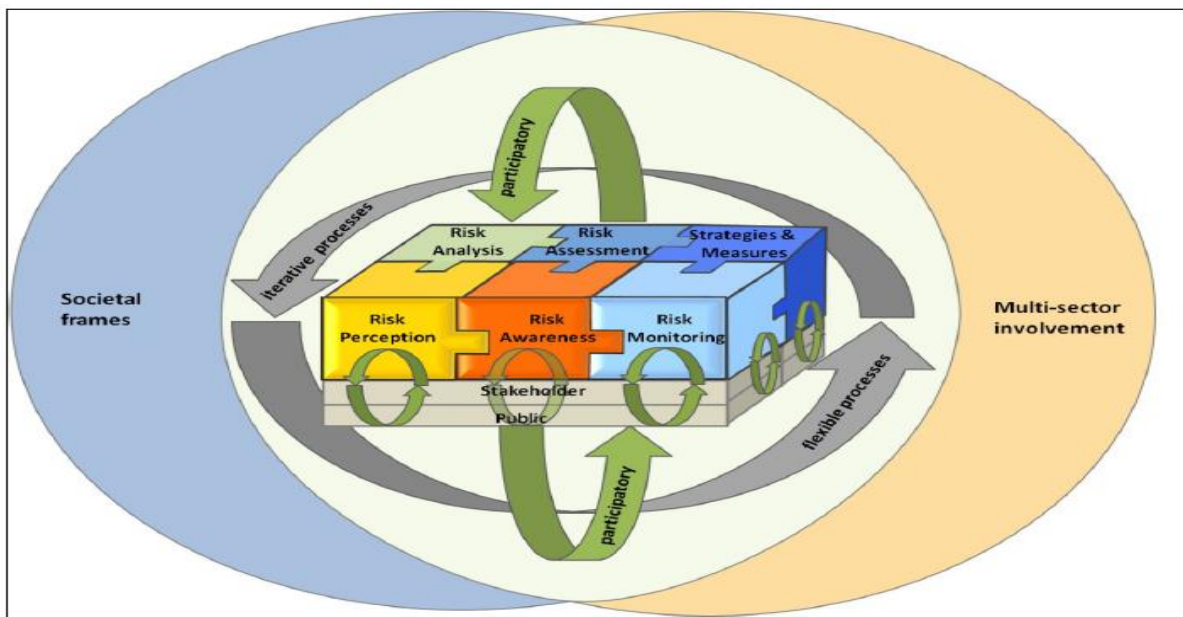
themselves within an MPS. The POPI Act was enacted in 2013 to protect the privacy right of all individuals in South Africa as stated in the Constitution of the Republic. The Act states that “everyone has a right to privacy” (De Bruyn, 2014: 1315). De Bruyn (2014) highlighting a study that was done by IQ Business found that companies need to work on their attitudes and procedures of handling personal information as there would be hefty fines should they fall short of complying with the Act. This is a typical example of how legislation can become an inhibiting factor in optimum stakeholder collaboration.

2.5.3.6. Risk Management

Agricultural production systems are considered to be risky and consist of unique risk factors. Oberholster (2014) mentioned that volatility of agricultural markets, impact of adverse weather conditions and pests, low supply and demand elasticities, and time lags associated with increasing production are some of the key risk factors. Various actors within the agricultural sector can collaborate to implement solutions to mitigate the impacts of these risks in the multi-stakeholder partnerships. However, in addition to these risks, the sociological understanding of risk as taken from Lehmann (1993) and Ren (2008) provide another perspective that risk is a social construct (Gerkenmeier & Ratter, 2017). Therefore, this means that over and above the technical risks there are also mentally constructed undesired events. Literature shows that risk sharing, and mitigation is one of the things that multi-stakeholder partnerships provides.

However, according to Gerkenmeier and Ratter (2017) to manage these types of risks, participative, transparent, and flexible processes are a requirement. In an MSP, this is regarded as Integrative Risk Management (IRM) and it can be implemented through the Integrative Risk Management Approach (IRMA). According to Gerkenmeier and Ratter (2017) IRMA improves social and flexible solutions through the integration of the requirements necessary to achieve multi-sectoral and multi-scale structures. The IRMA is implemented in a series of steps which include (i) Risk Perception, (ii) Risk Awareness, (iii) Risk Analysis, (iv) Risk Assessment, (v) Strategies and Measure, (vi) Monitoring as shown in Figure 2.5.1 below.

Figure 2.5.1. Integrative Risk Management Approach



Source: Gerkenmeier and Ratter (2017: 7)

2.5.3.7. Partner Selection

Van den Bosch (2016) defined partners in an MSP as stakeholders which are influential and / or are affected by the common problem. These may include two or a combination of all civil society, government, and private sector actors such as agribusiness businesses, farmers, suppliers, etc. On the other hand, Pattberg and Widerberg (2014) described partners as a network of resource exchange, hence a proper selection of partners is imperative to attain an effective mix of resources, knowledge, and capabilities. Contrary to the common belief that all affected parties should be included in the discussions about what is affecting them, Faysse (2008) argued that due to power imbalances between the partners, there might be possible consequences of having the discourse manoeuvred for wrong outcomes. This sentiment is similarly help by Atouba and Shumate (2019) where they believe that partner selection is important for the effectiveness of partnerships amongst organisations. They attributed the effectiveness of the multi-stakeholder partnership to prior experience and reputation as two selection factors of partners.

2.5.3.8. Communication

Communication also appears as one of the common and crucial factors in the success of MSP and plays an integrating role for all other factors to be reinforced. Communication is important during the setup of the MSP as it facilitates the setting up of clear goals and the ownership of those goals by all partners while creating a feedback loop between partners. Ineffective communication from the setup of the MSP can cause participants not to communicate their objectives openly and not consider other partner's interests and thus hampering building of the MSP's common vision (Faysse, 2006). According to Brouwer et al. (2019) effective communication is underpinned by willingness to communicate openly, respectfully, honestly, with empathy and in a critical way.

Since MSPs are often characterised by power asymmetry (Faysse, 2006, Ayala-Orozco et al, 2018) partners with less power are always unrepresented, therefore, effective communication can ensure that the views of partners with less power are heard (Faysse, 2006; HLPE, 2018). According to Atouba and Shumate (2019) ambiguities, uncertainties and information asymmetry can be reduced by effective communication and improve co-ordination, exchange of knowledge, and propose innovative solutions and implement them effectively. Moreover, Kirk et al. (2008) suggested that an MSP requires monitoring and evaluation that can track and report outcomes in line with the objectives. Effective communication plays an integral role as a feedback mechanism to the partners regarding those outcomes. It is also a mechanism that ensures high quality decisions that are enforceable (Brouwer et al. 2019).

2.5.3.9. Monitoring

MSPs are set to solve complex problems and even though they might also be long term relationships, progress would still need to be assessed. Progress entails the achievement of targets and goals of the MSP and those of each stakeholder involved in the MSP. Pattberg and Widerberg (2014) provided three reasons why adequate and efficient monitoring is important in an MSP and they include the following.

- Organisational Learning – organisations that can adapt quickly to changing circumstance are more effective and this is achieved through a monitoring process and the evaluation of outcomes that provide information about understanding how a partnership is doing compared to its targets and goals.
- Assess Impacts – funders are increasingly demanding to see the impacts of their investments. Monitoring and evaluation can be used as a mechanism to provide evidence beyond the subjective and unreliable evidence.
- Enhancing Legitimacy – monitoring and evaluation enhances transparency, accountability, and inclusiveness which, in turn, all enhance the legitimacy of the MSP.

Monitoring will be key to this type of MSP as funding may flow from funders while implementation is done by agents. Therefore, funders may want to monitor progress and measure results. World Bank (2013) emphasised that a monitoring plan with appropriate indicators must be drawn which is integrated in the monitoring of the results. This will help answer two fundamental questions (i) how will an MSP know achievement when it sees it and (ii) is the MSP moving towards achieving its desired outcomes?

2.5.3.10. Transaction Costs

Faysse (2006) highlighted that setting up and operating an MSP can be costly both in terms of money and time. The costs involved can also delay decision making and implementation of such decisions which can be even more costly as far as impact is concerned. HLPE (2018) also argues that establishing and maintaining an MSP attracts transaction costs which are categorised as legal costs, financial costs, and technical costs. Vervynckt and Romero (2017) categorised cost of capital and construction costs as direct costs of MSPs while transaction costs such as negotiation and contracts costs and operational costs were categorised as indirect costs. During the discussion of trust building above, transparency, inclusiveness and accountability were key features required in an MSP for partners to trust each other. Even though there are great benefits from transparency, inclusiveness, and accountability in the effectiveness of MSP, HLPE (2018) argues that these come at a cost and are what is

considered as transaction costs. However, Vervynckt and Romero (2017) hold that these costs can be considerably reduced if clear roles are defined, and responsibilities of partners are assigned and proper mechanisms for effective use of resources are put in place.

2.6. IMPLEMENTATION OF MULTI-STAKEHOLDER PARTNERSHIP

2.6.1. Principal-Agent Theory

The successful integration of emerging farmers to the markets is a complex problem and it requires an approach that can solve the complex problem. Literature ensures that the solution lies with a multi-stakeholder partnership approach which can be used to solve complex problems. However, despite these potential benefits that come with multi-stakeholder partnerships and value chain integration, Bouwer et al. (2019) urge that there is no room for being naive because it is challenging to get people to work together towards a common goal. Additionally, Sherstha, Tamosiatiene, Martek, Hosseini, and Edwards (2019) argued that the risks associated with MSPs are exacerbated by their complexity, multi-facetness of stakeholders involved and their interests and the lengthy periods of partnerships. Therefore, the level of risk and the number of stakeholders involved requires a lead actor for effective co-ordination.

However, the Principal-Agent Theory recognises that there is always a risk of conflicting objectives between the agent (i.e. agribusiness) and the principal (financial institution) (Kirk et al., 2008). Secondly, Shrestha et al, (2019) argue that though the agent may partner with the principal, the collaboration may not be equal due to power asymmetries. Kirk et al. (2008) suggested that to mitigate these problems, the principal must select the best agent and must also monitor the behaviour of the agent. Shrestha et al, (2019) further argue that even though the principal might be certain that it selected the best agent, there is a risk of adverse selection and moral hazard. Adverse selection occurs when the principal selects an agent who might not be the most appropriate agent due to information asymmetry. Moral hazard occurs when an agent pursues its self-interests at the expense of the principal.

Kirk et al. (2008) provided some guidelines to address these potential risks to improve accountability and address delegation issues in partnerships. The management guidelines suggest that:

- Clarify responsibilities – the responsibilities must be assigned for the partnership and its individual stakeholders so that the contributions of the agent in solving the problem are clear.
- Improving provision of information – there must be timely provision of information from the agent with clear metrics put in place by the principal to enhance the quality of information supplied for monitoring and evaluation.
- Clarify principal's expectations – to apply sanctions (positive or negative) based on the evaluation of the performance of the agent, the expectations of the principal must be clear.
- Strengthen sanctions – the principal can control the agent's behaviour through enforcing sanctions whether they are positive or negative.

2.6.2. Role Players

The role players that can contribute to the enhancement of finance for integration of emerging farmers to the market include the farmers, organised agriculture, agribusinesses, the industry, commercial banks, development finance institutions and the government. These actors do not only play the role of value chain integration and finance but also play a significant role in enhancing productivity and value addition in agricultural products (Larsen, Kim & Theus, 2009). In the development of emerging farmers, these partnerships would be strategic according to Kirk et al. (2008) when they are aimed at enabling emerging farmers to break into a new area of work.

Some of the key requirements to the success of market integration of emerging farmers is access to finance and support. Commercial financing institutions such as the commercial banks and the Land Bank are dominating South African agricultural financing (Qwabe, 2014). Agribusinesses such as the agricultural co-operatives and companies also play a role in the extension of finance and according to Greenberg (2010) they have grown their domination and control in the sector. De Klerk et al.

(2013) also highlighted the role played by the national and provincial DFIs and government parastatals in the provision of finance in the sector. From the support point of view, South African agriculture has strong industry bodies. These include Commodity Growers Associations and strong organised agriculture, namely Agri SA, AFASA, etc. which play a supportive role as far as bargaining, mobilising and technical advice goes. Lastly, government also plays a big role in support services and favourable legislation for the role players to participate meaningfully in the market integration of emerging farmers. Oberholster (2014) citing Food and Agricultural Organisation (2012a) mentioned that a favourable climate increases private sector investment which, in turn, increases the confidence levels of financial institutions.

2.7. SUMMARY

In Chapter 2 the context of the agricultural sector was provided with the aim of providing some insights into the challenges faced by emerging farmers where they cannot participate meaningfully in the markets. The challenge of enhancing access to finance is complex and therefore, literature suggests that this complex problem can be addressed through multi-stakeholder partnerships. Multi-stakeholder partnerships draw their advantage of solving complex problems from the pooling of resources (both human and financial) and risk sharing amongst others. However, getting people to work together is not easy. The literature suggested a number of factors that could be underlying factors for poor performance of an MSP where if they could be improved, they could result in optimum engagement. Moreover, due to differences in resource endowment, successful implementation of an MSP would require the Principal-Agent approach for a lead actor to implement.

CHAPTER 3: THEORETICAL FRAMEWORK

3.1. INTRODUCTION

The literature review chapter provided the basis as to why multi-stakeholder partnerships are an ideal approach to solve complex problems. It also highlighted that MSPs must operate effectively for them to achieve their targeted objectives. The factors that affect optimum multi-stakeholder engagement were also discussed and from this the theoretical framework was developed to achieve optimum stakeholder engagement for increased levels of financial inclusion of emerging farmers. In this chapter, research questions RQ1 and RQ2 and secondary research objectives SRO 3 and SRO 4 are addressed. A theoretical framework is formulated and each variable that affects the perceived increase of market integration of emerging farmers is discussed.

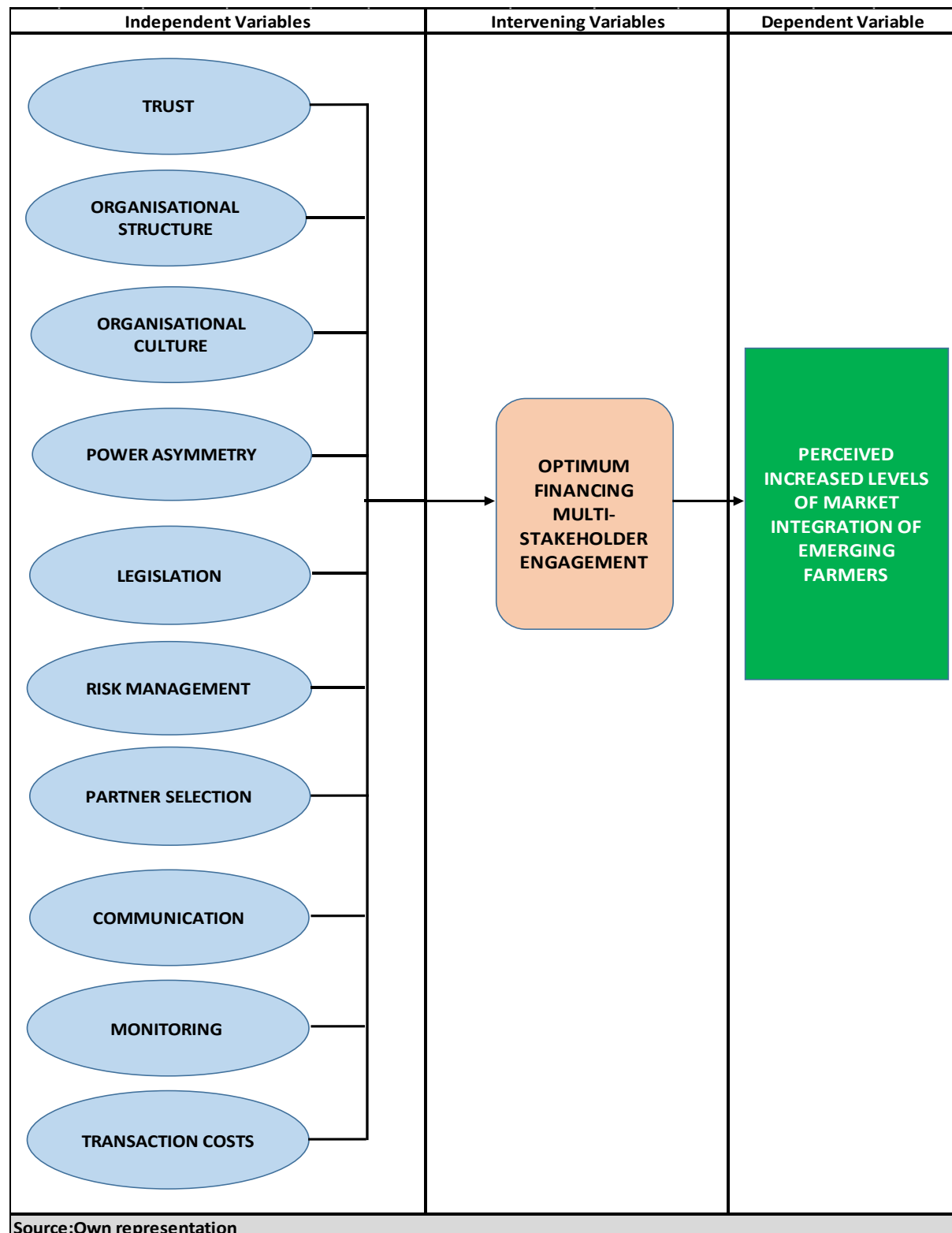
3.2. CONCEPTUAL FRAMEWORK

Adom, Hussein and Agyem (2018: 439) citing Camp (2001) defined conceptual framework as “a structure which the researcher believes can best explain the natural progression of the phenomenon to be studied”. According to Green (2014) it is a system of how concepts, assumptions and theories are formulated to explain and understand information when a research project intends to challenge the existing knowledge. The conceptual framework involves the conceptualisation of variables which, according to Mouton (1996) entails the clarification of key concepts in the study and how they link back to the existing body of knowledge. The relationships that exist between the main concepts of the study can be statistically described using the conceptual framework. The elements of the study are diagrammatically presented below to demonstrate, according to Zikmund (2003), the unproven proposition that can be empirically tested.

The theoretical framework proposes 10 independent variables which are (1) Trust, (2) Organisational Structure, (3) Organisational Culture, (4) Power Asymmetry, (5) Legislation, (6) Risk Management, (7) Partner Selection, (8) Communication, (9) Monitoring and (10) Transaction Costs. An intervening variable, is Optimum Financing

Stakeholder Engagement: all the variables are related to the dependent variable which is Perceived Increased Levels of Market Integration of Emerging Farmers.

Figure 3.1. Theoretical Framework for Perceived Increased Levels of Market Integration of Emerging Farmers.



3.3. OPERATIONALISING VARIABLES

3.3.1. Dependent Variable: Perceived increased levels of market integration of emerging farmers

The challenges regarding the commercialisation of emerging farmers and their integration to the formal markets was discussed in Chapter 2. Skills and education levels, access and use of technology, access to markets and access to finance are the main barriers to emerging farmers' market integration (Khapayi, 2013; Loeper et al., 2016; Mutero et al., 2016; Koning et al., 2013). The lack of access to finance makes it impossible to access and use technology and to improve skills and ultimately improve quality and quantity of production for consistent supply to the markets. Hence Oberholster (2014) advocated that the current financing model needs to be challenged and changed for inclusion of emerging farmers.

For the purpose of this research, increased levels of market integration are defined as perceived higher levels of market participation by emerging farmers which is a direct result of increased levels of access to finance.

Questionnaire items:

- The current levels of formal market participation by emerging farmers are at an acceptable level for their sustainability.
- Increased levels of financial inclusion/access to credit will allow emerging farmers to access technology, skills development, and improved levels of production.
- Increased levels of financial inclusion/access to credit will allow emerging farmers to participate more effectively in the market.
- The support levels by agribusinesses and financial institutions to the emerging farmers can result in increased levels of market participation.

3.3.2. Intervening variable: Optimum Financing Multi-Stakeholder Engagement

The issue of access to finance by emerging farmers is a complex problem that requires a multi-stakeholder partnership approach. Hazelwood (2015) defined multi-

stakeholder partnership as organisations working together from different sectors combining resources and competencies and sharing risks to achieve common goals. Brouwer et al. (2019), however, warned that getting people to work together towards a common goal is not easy. Hence, attention must be paid to the efforts to optimise the engagement of the multiple stakeholders involved if financial inclusion of emerging farmers is to be achieved.

In this research, optimum financing stakeholder engagement refers to the degree to which the strategic conversations between multiple stakeholders result in a development of a collective paradigm for increased levels of financing for emerging farmers.

Questionnaire items:

- The engagement between stakeholders involved in the financing of emerging farmers is currently at an optimum level.
- Strategic conversation between banks, agribusinesses, government, and farmers can result in increased levels of financial inclusion of emerging farmers.
- Optimum engagement of stakeholders involved in the financing of emerging farmers can result in increased levels of market integration.
- Access to finance will allow the development of more strategic partnerships between agribusinesses and emerging farmers

It is therefore hypothesised that:

H₀: there is no relationship between optimum financing multi-stakeholder engagement and perceived increased levels of market integration of emerging farmers.

H₁: there is a positive relationship between optimum financing multi-stakeholder engagement and perceived increased levels of market integration of emerging farmers.

3.3.3. Independent variable: Trust

According to Brouwer et al. (2019) mistrust between partners can exist because of diverse and competing interest, perspectives and values and structural and cultural differences. However, stakeholders must believe in each other's words, actions, and decisions for multi-stakeholder partnerships to effectively operate. This can be

achieved through clear objectives and goals and be reinforced through transparent and accountable actions.

For the purpose of this research, trust means the extent to which the commercial banks, agribusinesses and farmers trust each other to share sensitive information with each other. This is an interdependent relationship between stakeholders whereby the principal stakeholder has comfort in the agent to fulfil certain duties on its behalf and the farmer's trust in the agent.

Questionnaire items:

- Trust between stakeholders involved in agricultural financing is important for increased levels of financial inclusion of emerging farmers.
- Commercial banks in South Africa trust agribusinesses to fulfil certain functions on their behalf.
- Emerging farmers find comfort in their financial relationship with the banks and agribusinesses.
- Trust can be created and reinforced between the lenders and the emerging farmers through regular interaction.

It is therefore hypothesised that:

H₀: there is no relationship between trust and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between trust and optimum financing multi-stakeholder engagement.

3.3.4. Independent variable: Organisational Structure

Organisations that enter into a multi-stakeholder partnership are often structurally different. An organisation's structure can inhibit it from collaborating optimally in a multi-stakeholder partnership because of the level of bureaucracy, size, and lack of connection (Kil, 2015). However, this need not be so because organisations can develop capabilities to enhance their collaboration in multi-stakeholder partnerships.

For this research, organisational structure refers to the extent to which the structure of an organisation allows it to respond flexibly to the changes that are required to enhance the financial inclusion of emerging farmers.

Questionnaire items:

- Current commercial banks operating structures are flexible enough to allow the necessary changes needed for increased levels of financing inclusion.
- Emerging farmers find it easy to interact with agribusinesses for their financing needs.
- Emerging farmers find it easy to interact with commercial banks for their financing needs.
- The structure of the organisations involved in agricultural finance has no impact on finance inclusion of emerging farmers.

It is therefore hypothesised that:

H₀: there is no relationship between organisational structure and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between organisational structure and optimum financing multi-stakeholder engagement.

3.3.5. Independent variable: Organisational Culture

Culture is known to be an enemy of strategy which can often result in resistance to change. Organisational culture is a system of shared assumptions held by members of an organisation and it forms a parallel to the organisational structure (Kil, 2015; Werner, 2016). Organisations tend to have predominant way of doing things which may be anti-collaborative in nature, thus Brouwer et al. (2019) emphasises that effective collaboration requires change in both formal and informal norms and values.

For this research, organisational culture is defined as the ability of the stakeholders to compromise a traditional way of doing things in order to adopt progressive ways.

Questionnaire Items:

- Currently, negative perceptions regarding the perceived riskiness of financing emerging farmers do exist
- The current commercial bank culture is conducive for discussions on innovative ways for the financial inclusion of emerging farmers.
- The current agribusinesses culture is conducive for discussions on innovative ways for the financial inclusion of emerging farmers.
- Norms and values play a significant role in an organisations ability to finance.
- A collaborative culture can enhance the finance inclusion of emerging farmers.

It is therefore hypothesised that:

H₀: there is no relationship between organisational culture and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between organisational culture and optimum financing multi-stakeholder engagement.

3.3.6. Independent variable: Power Asymmetry

Literature suggests that organisations are different in the extent of the power they possess. According to Faysse (2006) power asymmetry exists when there is a difference in the capacities of organisations to obtain leverage for interactions and outcomes to favour them more than others. Power asymmetry is apparent in multi-stakeholder partnerships where differences in the power to influence exists due to differences in the financial endowment and or technical knowledge organisations possess.

For the purpose of this research, power asymmetry refers to the power differences that exist between dominant partners (commercial banks) and smaller partners (agribusinesses) and the influence they have on the financial inclusion of emerging farmers.

Questionnaire items:

- Differences in the power organisations have, have an impact on decision making and implementation.

- Commercial bank dominance has a direct influence on their decision-making process when engaging with other strategic partners.
- Agribusinesses have no power to influence how financing is done to enhance financial inclusion.
- In a financial inclusion model, banks would want to dictate the terms of how the funding is structured and managed.

It is therefore hypothesised that:

H₀: there is no relationship between power asymmetry and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between power asymmetry and optimum financing multi-stakeholder engagement.

3.3.7. Independent variable: Legislation

In the past few years, legislation has been strengthened to control the behaviour that financial services provide. The POPI Act was a law introduced, and it influences one of the fundamental areas of MPS collaboration which is information sharing. According to Banerjee et al. (2020) good legislation can create an environment where organisations are willing to make sacrifices and trade-offs to be in multi-stakeholder partnerships.

For this research, legislation refers to the official laws, specifically within the SA financial services sector, which aim to protect vulnerable lenders, avoid indebtedness and sharing of personal information but also create an environment for increased levels of the financial inclusion of emerging farmers.

Questionnaire Items:

- Sharing of personal information is important for the financial inclusion of emerging farmers.
- Current legislation makes it easy for banks to enter into collaborations where personal information sharing is required.

- Current legislation within the SA financial services sector is sufficient to facilitate increased levels of the financial inclusion of merging farmers.
- Current legislation effectively protects vulnerable emerging farmers from lenders.

It is therefore hypothesised that:

H₀: there is no relationship between legislation and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between for legislation and optimum financing multi-stakeholder engagement.

3.3.8. Independent variable: Risk Management

Agricultural production systems are risky and according to Oberholster (2014) the technical, marketing skills and value chain knowledge put agribusinesses in a unique position for better management of production, price and marketing risks. These can be combined with other participative, transparent and flexible process in Integrative Risk Management to enhance risk management (Gerkenmeier & Ratter, 2017).

For the purpose of this research, risk management refers to the degree to which agribusiness's expertise can be leverage by the commercial banks to ultimately reduce financing risks and increase the level of emerging farmer financing.

Questionnaire Items:

- Agribusinesses can enhance credit risk management for the banks through assisting with effective production risk management.
- Agribusinesses can enhance credit risk management for the banks through assisting with effective market risk management.
- Agribusinesses can enhance credit risk management for the banks through assisting with effective price risk management.
- Agribusinesses possess expertise that can help banks and farmers manage their risk better.

It is therefore hypothesised that:

H₀: there is no relationship between risk management and optimum financing multi-stakeholder engagement.

H₁: there is a positive between risk management and optimum financing multi-stakeholder engagement.

3.3.9. Independent variable: Partner Selection

Multi-stakeholder partnerships are formed by partners collaborating to share human and financial resources and share risk to solve a common problem (van den Bosch, 2016). However, not everyone affected by the problem can be part of the MSP because according to Faysse (2008) other affected stakeholders might influence the engagement for self-interest outcomes. Therefore, it is important to select stakeholders that can enhance the achievement of goals of an MSP while contributing to resource and risk sharing.

For the purpose of this research, partner selection is defined as the process of identification of agents by principals to enhance the finance of emerging farmers and the use of the agribusinesses' advantage of proximity to farmers for better selection of debtors.

Questionnaire Items:

- Track records of the agribusinesses are important in the selection process by the principal.
- Agribusinesses are in a better position to select the right emerging farmers to be financed.
- Agribusinesses are willing to share the associated financing risks with the commercial banks.
- Commercial banks find comfort in the ability of agribusiness to mitigate financing risk with regard to emerging farmers.

It is therefore hypothesised that:

H₀: there is no relationship between partner selection and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between partner selection and optimum financing multi-stakeholder engagement.

3.3.10. Independent variable: Communication

The literature review indicates that multi-stakeholder partnerships operate effectively if clear goals, roles, objectives, and organisational interests are communicated effectively (Atouba & Shamate, 2019; Kirk et al., 2008; Brouwer et al., 2019). Additionally, effective communication aids the monitoring and evaluation process in an MSP which is important to assess performance. Effective communication can be enhanced by increased levels of Information and Communications Technology (ICT) such as cell phones, blockchain, etc.

For this research, communication refers to the extent to which effective communication can create comfort between stakeholders regarding their goals, roles, and the behaviour of stakeholders.

Questionnaire Items:

- Current levels of communication between key stakeholders involved in the financing of emerging farmers are effective.
- ICT applications can effectively be used to improve communication.
- Effective communication can improve the trust deficit and build comfort between stakeholders involved in the financing of emerging farmers.
- Effective communication is necessary for the monitoring of performance by stakeholders involved in the financing of emerging farmers.

It is therefore hypothesised that:

H₀: there is no relationship between communication and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between communication and optimum financing multi-stakeholder engagement.

3.3.11. Independent variable: Monitoring

Multi-stakeholder partnerships are formed to resolve complex problems and therefore, goals and targets are set by which progress can be measured (Kirk et al., 2008). According to Pattberg and Widerberg (2014) monitoring further facilitates organisational learning, provides feedback on assessment of impacts and enhances legitimacy of multi-stakeholder partnerships.

For this research, monitoring refers to the ability of the stakeholders to provide progress reports on targets and goals as set by the partnership.

Questionnaire Items:

- Accounting systems such as monthly management statements and audited financial statements are important tools for monitoring financing risk.
- Regular reporting on the performance of the debtor's book by the agent to the principal, is key to optimum stakeholder engagement.
- Proper implementation of accountability tools can enhance the financial inclusion of emerging farmers.
- Regular reporting on production performance of emerging farmers by the agent to the principal, is key to optimum stakeholder engagement.

It is therefore hypothesised that:

H₀: there is no relationship between monitoring and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between monitoring and optimum financing multi-stakeholder engagement.

3.3.12. Independent variable: Transactions Costs

Establishing and operating a multi-stakeholder partnership has costs associated with it. According to HLPE (2018) these costs can be categorised as legal, financial, and technical costs and are collectively known as transaction costs.

For the purpose of this research, transaction costs refer to the costs of setting up contracts and enforcing them, costs associated with managing the debtor's books, and costs associated with the provision of technical expertise.

Questionnaire Items:

- The costs associated with the establishment and operating of a multi-stakeholder partnership in agricultural financing is prohibitively high.
- Banks are willing to compensate agribusinesses for administrative work done on their behalf.
- Agribusinesses are willing to share the costs associated with establishing and operating a partnership for financial inclusion of emerging farmers.
- Farmers are willing to pay for some costs (except interest) involved in obtaining finance.

It is therefore hypothesised that:

H₀: there is no relationship between transaction costs and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between transaction costs and optimum financing multi-stakeholder engagement.

3.4. SUMMARY

This chapter presented the conceptual framework of the study which has been empirically tested and verified to propose a final theoretical framework. The perceived increased levels of market integration of emerging farmers were conceptualised and were affected by 10 independent variables with optimum financing multi-stakeholder engagement as an intervening variable. The 10 independent variables are Trust, Organisational Structure, Organisational Culture, Power Asymmetry, Legislation, Risk Management, Partner Selection, Communication, Monitoring and Transaction Costs.

CHAPTER 4: RESEARCH METHODOLOGY

4.1. INTRODUCTION

The participation of the private sector in the rural and agricultural development landscape in South Africa is commonly comprehended even though there has been little success. This research sought to develop a theoretical framework that could be utilised as a guide in the process of integrating emerging farmers to markets through strategic partnerships. This research methodology chapter therefore provides the paradigm within which the research process, tools, and procedures were grounded. It provides discussions on how the data was collected, from who, and how it was handled and presented for the construction of the theoretical framework.

4.2. RESEARCH PARADIGM

Kivunja and Kuyini (2017) describe a research paradigm as a researcher's worldview which reflects the researcher's beliefs about the world which guides the research actions or investigation. Literature proposes four groupings of research paradigms which are considered as the foundation of research, namely Positivist, Interpretivist, Critical paradigm, and Pragmatic paradigm. The methodology of this study was located within a positivistic paradigm. The positivist paradigm of exploring social reality is based on the idea that the bases of understanding human behaviour are experimentation, observation and season-based experience (Kivunja & Kuyini, 2017). Collis and Hussey (2014) described this paradigm as quantitative, objectivist, scientific and experimentalist or traditionalist. Therefore, the methodological aspects of this research as to how the research was conducted and how the data was analysed were located on a positivist paradigm. This was because of the nature of the problem statement and the research objectives that this study aimed to achieve. The study sought to establish a theoretical model through a literature review, formulate hypotheses, and test relationships between dependent and independent variables and draw conclusions that could be inferred.

According to Shah and Al-Bargi (2013) citing Guba and Lincoln (1994), positivist research is related to quantitative methods such as experimental and non-experimental wherein questions and hypothesis are suggested in advance in a propositional way and are subject to an empirical test for verification. The positivist paradigm leans heavily on four assumptions to explain relationships and make predictions based on measurable outcomes. These assumptions are determinism, empiricism, parsimony and generalisability as described by Cohen, Manion and Morrison (2007). This paradigm entails the use of quantitative research methods that enable the precise description of parameters and coefficients of the data collected, analysed, and interpreted to understand the relationships that exist.

4.3. RESEARCH DESIGN

According to Zikmund, Babin, Carr and Griffin (2010) research design is the blueprints that outlines the methods and procedures for data collection and analysis. The choices made in terms of research methodology and methods used to address the research problem must maximise the validity of the results or findings (Collis & Hussey, 2014). The study is a quantitative study which sought to develop a theoretical model. The survey approach was adopted for this study. A survey approach was used to provide a quantitative or numeric description of trends, attitudes or opinions of a population by studying a sample of that population (Creswell, 2009). To develop a theoretical model, secondary research was conducted to identify as many factors as possible from the secondary data sources such as journals, books, internet sources and government sources. From the target population, a sample was drawn using sampling techniques in order to draw a representative sample. An appropriate measuring instrument was developed and used to collect primary data from the primary sources to empirically test the conceptual model. According to Collis and Hussey (2014) quantitative research makes use of the collection and analysis of numerical data and the application of statistical testing. Using an econometric technique, the conceptual model was tested for relationships that might exist between the factors and eventually proposed a theoretical model for the implementation of successful strategic partnerships in the South Africa.

4.4. SAMPLING DESIGN

The methodological paradigm within which this study was located necessitated the drawing of a sample that was representative of its population because the results of studying the sample would be generalised back to the population. According to Creswell (2009) the quality of a quantitative research is not only determined by the methodology and instruments used but also by the suitability of the sampling strategy adopted.

4.4.1. Population and Sample Frame

According to Collis and Hussey (2014) a population is a body of people or a selection of things under consideration for statistical reasoning. Mouton (1996) and Bless, Higson-Smith and Kagee (2006) described a population as a cluster or unit of analysis upon which the researchers results can be drawn. The role players that were involved in the finance and development of emerging farmers included, but were not limited to, commercial banks, development finance institutions, agribusinesses, industry, organised agriculture, and the government. For the purpose of this research, the population was all the agricultural economists, agricultural specialists and managers working for the above-mentioned organisations. To get the perspective of the people for whom this framework was developed to assist them in being integrated into the market; emerging farmers were also part of the population of interest.

Due to the difficulties associated with studying the entire population, a representative sample was drawn. This is made easier when a complete list of the population of interest is available from which the sample will be drawn which is referred to as a sample frame (Mouton, 1996). However, the sample frame was not available and the number of people who made up the population of interest was unknown. The table below identifies the institutions the population of interest were drawn from and the rules of inclusion.

Table 4.1. Sample Frame

Institution	Population of Interest
Commercial banks	Agricultural Specialists and Agricultural Managers
Agribusinesses	Project Planners, Agricultural Economists and Operational Managers
Development Finance Institutions	Agricultural Specialists, Regional Managers
Government	Agricultural Economists
Industry and Organised Agriculture	Agricultural Economists and Industry Advisors
Producers	Emerging farmers, Farm managers

Source: Own representation

4.4.2. Sampling Method

Sampling is a selection of a subset of a population of interest, so that by studying the sample, the results obtained can be generalised back to the population (Leedy & Ormrod, 2005; Collis & Hussey, 2014). The results obtained can be generalised back to its population only if the sample is representative of the population. Hence Mouton and Babbie (2001) emphasise that the variations that exist in the population must exist in the sample. Therefore, this makes it imperative that the process of sampling is without bias, randomly chosen and the sample is large enough to conduct reliable statistical analysis. According to Zikmund (2003) and Leedy and Ormrod (2005) there are two types of sampling which include probability sampling and non-probability sampling. Probability sampling ensures that every component of the population has the same likelihood of being included in the sample (Leedy & Ormrod, 2015). Where the representativeness of a sample are of significant importance in the study, probability sampling is used.

On the other hand, Zikmund (2003) defines non-probability sampling as a sampling method that is subjective judgement in the selection of sample units. According to Collis and Hussey (2014) non-probability sampling includes (1) convenience sampling,

(2) judgemental or purposive sampling, (3) quota sampling and (4) snowball sampling. The snowball sampling method was used for this research. It is a technique where a referral method is used to contact participants in remote locations. Oberholster (2014) citing Mouton and Babbie (2001) also highlighted that when the members of the special population are difficult to locate, the snowball non-probability sampling can be an effective method. This research relied on the fact that the agricultural specialists, agricultural economists, and managers involved in the finance and development of emerging farmers knew each other and would refer. Wegner (2016) also highlighted that in a snowball sampling method, if one respondent can be identified, the respondent would be asked to identify other members of the target population and that way a sample is built.

4.4.3. Sample Size

The size of the sample is one of the key aspects in a study where results will be generalised back to the population. The larger the sample size the better but this does not guarantee a representative sample which is the most important thing. According to Leedy and Ormrod (2005) and Bless et al. (2006) the major criterion used in deciding on a sample size is the extent to which the sample approximates the characteristics of the population from which it was drawn. Bless et al. (2006) highlighted that (1) the degree of accuracy required, (2) the degree of variability or diversity in a population and (3) the number of variables simultaneously examined in the data are the three main determinants of the sample size.

This is in line with the positivist research paradigm chosen for this research which relied on large samples (Collis & Hussey, 2014). Additionally, Oberholster (2014) who conducted similar research also highlighted that this model of data analysis requires large samples to run its statistical analysis accurately. According to Wegner (2016) the minimum sample size required to test for statistical significance is 30, however, literature has shown that for this type of research and statistical analysis, a larger sample size is required. The research would target to reach 175 respondents based on the determination of sample size as outlined by Bless et al. (2006) about the number of variables simultaneously under investigation.

4.5. DATA COLLECTION

Bless et al. (2006) highlighted that reactive research methods are frequently used by social scientists as opposed to unobtrusive methods. In essence, in reactive research the element under observation is aware that it is being researched and therefore responds to the questions posed by the researcher. Asking questions to respondents about their views on the variables being investigated through surveys is the most frequently used method of gathering information (Mouton & Babbie, 2001). According to Zikmund (2003) the information can be gathered from the respondents using a questionnaire. Bless et al. (2006) put forward four techniques of collecting data directly from participants (1) non-scheduled unstructured interviews, (2) non-scheduled structured interviews, (3) scheduled structured interviews and (4) non-personal data collection, self-administered and mailed questionnaires.

For this study, a non-personal data collection technique was used to solicit information from the respondents through self-administered questionnaires. The questionnaire was uploaded to a web-based platform called Question Pro and a link was sent to all the respondents known to the researcher. The initial respondents were asked to forward the link to other participants that fell within the selected sample thus creating a snowball effect until the sample size was reached. This technique provided a rapid, cost effective and reliable collection of information from the respondents.

4.6. RESEARCH INSTRUMENT

According to Godfred (2016) a questionnaire is a manuscript that is methodologically assembled, and it contains questions that are sequentially structured. Collis and Hussey (2014) described a questionnaire as a list of carefully structured questions that were chosen after a process of considerable testing in order to gather reliable responses from the sample of interest. This study, in line with the positivist research paradigm made use of carefully constructed questionnaire to solicit information from the respondents. Bless et al. (2006) provided some general guidelines for consideration when drafting a questionnaire and they are:

- Instead of beginning by drafting questions, list specific research issues to be investigated.
- Decide on the kind of data needed to study those issues and formulate specific questions to measure those variables.
- The needs, interests and problems of the respondents should always be taken into account.
- Great attention should be given to the wording of questions, the questions should be simple and short.
- The questionnaire should be structured very carefully.

The questionnaire for this study was carefully drafted based on the literature reviewed on the challenges faced by emerging farmers and those faced by role players in implementing strategic partnerships to successfully integrate emerging farmers to markets. The information solicited would be used to test for relationships that existed between the chosen variables as illustrated in the theoretical framework. The relationships would demonstrate the factors that really influenced the perceived success of market integration of emerging farmers in South Africa. Following the guidelines to ensure that the questionnaire was not cumbersome, closed-ended questions were used. Godfred (2016) described closed-ended questionnaire use as a process where respondents chose answers that closely correlate with their own views on the set of restricted options.

The questions used a 5-point Likert-type interval scale where respondents chose their extent of agreement or disagreement with regard to the question statement posed. A Likert-scale method used in a questionnaire is the most effective and popular method in measuring respondent's attitudes as it is simple to administer (Zikmund, 2003). Wegner (2016) concurs that interval data generated using rating scales are used in survey questionnaires to measure respondent's attitudes, motivation, preferences, and perceptions.

4.7. QUALITY OF THE MEASURING INSTRUMENT

The theoretical concepts that this research was concerned about were translated into observable measures. According to Bless et al. (2006) the principle of reliability and validity are used in the valuation of such measurements. Additionally, Roberts and Priest (2006) highlighted that the degree of reliability and validity offer a good measure of model fit to its sample data and represents the credibility of the study's outcome and accuracy of the study procedures. Collis and Hussey (2014) also emphasised the significance of credibility of research findings when undertaking a quantitative study and that the study must conform to the requirements of reliability and validity. Bless et al. (2006) suggested that a study must be high in both validity and reliability.

4.7.1 Validity

According to Bless et al. (2006) validity is concerned with the degree of accuracy within which the observable measurement actually represents the concept it measures. Cypress (2017) defined validity as representing the extent to which the instrument used tests the expected measure and not something else. Validity is concerned with what the instrument measures and what the actual meaning of the results is (Bless et al., 2016). Therefore, the validity test demonstrates what the researcher thinks or claims it does or where the situation under measurement is accurately represented by the research findings. Collis and Hussey (2014) highlighted that there is always a chance that the research instrument does not measure what the researcher is claiming to be measuring.

There are various types of validity tests but according to Bless et al. (2006) content validity, criterion-related validity, construct validity and face validity are the most important. Content validity is concerned with ensuring that the instrument is measuring all the different components of the situation. Bless et al. (2006) asserted that in complex research there are topics researchers cannot claim to measure when one or more components are neglected by the instrument. For this research, the literature reviewed ensured that all components were considered when the measuring instrument was designed to ensure that no component was neglected. Another

important validity measure for this research was the construct validity. According to Bless et al. (2006) construct validity is the degree to which scores of an instrument reflect no other constructs but the desired construct. It is key that the measurement technique closely correlates with known theory. The higher the links between the measuring instrument and the related theory, the stronger the construct validity (Bless et al., 2006).

4.7.2. Reliability

According to Bless et al., (2006) reliability is when a measure that represents the theoretical concept produces accurate and stable measure in several studies. Therefore, reliability is focused on the consistency of the instrument to yield similar results each time it is applied to the same object (Mouton & Babbie, 2001). According to Collis and Hussey (2014) a study will be regarded as reliable only when the same outcome is produced by an instrument when subjected to the same object. To measure the degree of reliability of an instrument and the variables under investigation for the theoretical framework, the Cronbach Alpha co-efficient will be calculated.

According to Bless et al. (2006) the Cronbach Alpha co-efficient is one of measures used in measuring internal consistency. In essence, the internal consistency is the degree to which various items of an instrument measure the same construct. The co-efficient of reliability is a statistic that is used to test for internal consistency and the value of the co-efficient of reliability is expressed with a number between 0 and 1. According to Bless et al. (2006) a 0 score would imply an instrument with no reliability and a score of 1 implies a reliable instrument. For a social scientist, an instrument with a value of 0.7 is deemed reliable (Bless et al., 2006; Corbin & Strauss, 2014).

4.8. DATA ANALYSIS

After responses were received, data was coded and captured into an excel spread sheet and run through a statistical package for analysis. Cronbach's Alpha reliability coefficients were calculated for each factor to identify the internal consistency amongst

the variables in the conceptual model and to confirm the reliability of the measuring instrument. Exploratory Factor Analysis (EFA) was used to test the validity of the research instrument. The data was then analysed to assess consistent patterns between variables and to allow the generalisation of the findings from the sample back to the population. According to Bless et al. (2006) descriptive and inferential statistical procedures are often used to analyse quantitative data. Descriptive statistics are concerned with condensation of information into summarised presentable data while inferential statistics are concerned with inferences done when generalising findings from the sample back to the population (Wegner, 2016). For the purpose of this research, descriptive and inferential statistics were used to analyse the data.

Correlation and Multiple Regression analysis were used as statistical modelling techniques to test the relationships that existed between the factors that were identified for the theoretical model. According to Wegner (2016; 239) “multiple regression finds a straight line equation that represents the relationship between the values of two or more numeric variables”. Collis and Hussey (2014) mentioned that the degree of association between groups of variables is measured using correlation analysis and it provides the direction and strength of the relationship. To run the data, STATISTICA was used to test both the direction and strength of the relationships that existed amongst the factors that affected the success of strategic partnerships in agriculture in the Eastern Cape.

4.9. REPORTING

Interpretations, recommendations, and conclusions based on statistical results were used to report the findings (Collis & Hussey, 2014). For the interpretation of empirical findings, data were presented in tables and discussed for each statistical test conducted. The study proposed a conceptual framework for the success of strategic partnerships in integrating emerging farmers to the markets where factors were identified, and hypothesis were formulated. To report on the test for validity of the research instrument, EFA results are presented to confirm whether the data collected contained the right information on perceived factors that affected the success of strategic partnerships in integrating emerging farmers to markets. For reliability of test results, having used the Cronbach's alpha co-efficient as the research instrument,

results are presented to assess the extent to which all the items included in the test measured the same concept.

Moreover, based on these results, the theoretical framework has been revised to only the independent variables that affected the dependent variable and the hypothesis was reformulated in line with those variables. The strength and existence of significant relationships that were identified using the correlation and regression analysis are discussed. Lastly, recommendations and the conclusion about the research methodology, the research problem and research questions, the contributions of the study to the body of knowledge, the limitations of the study and recommendations for future research are discussed.

4.10. SUMMARY

This chapter provided the research paradigm into which the research methodology falls. The population was described and the sampling method which was used to attain a sample and the size of the sample were discussed. The construction of the data collection instrument was discussed also highlighting how the instrument was tested for validity and reliability to ensure the trustworthiness of the outcomes of the study. Correlation and regression analysis was outlined as the statistical model used to test the relationship that existed between the variables and how the result was presented. Both descriptive and inferential statistics were used to report the sample results and were generalised back to the population.

CHAPTER 5: EMPIRICAL RESULTS

5.1. INTRODUCTION

Chapter 4 set out the research methodology adopted for this study and described the paradigm within which it was placed. Using descriptive and inferential statistics, this chapter provides the report on the data that was collected and analysed. The demographic information about the sample is discussed which provides some demographic characteristics of the sample. Since the data was collected from the sample and had to be generalised back to the population, the test of the reliability and validity of the measuring instrument was conducted and discussed. Paramount to this study was the relationships that existed between the variables outlined in Chapter 3. To achieve this, the Pearson's correlation and multiple regression was conducted to ascertain the strength and direction of these relationships. Descriptive statistics was also discussed using means, standard deviations and frequency distributions.

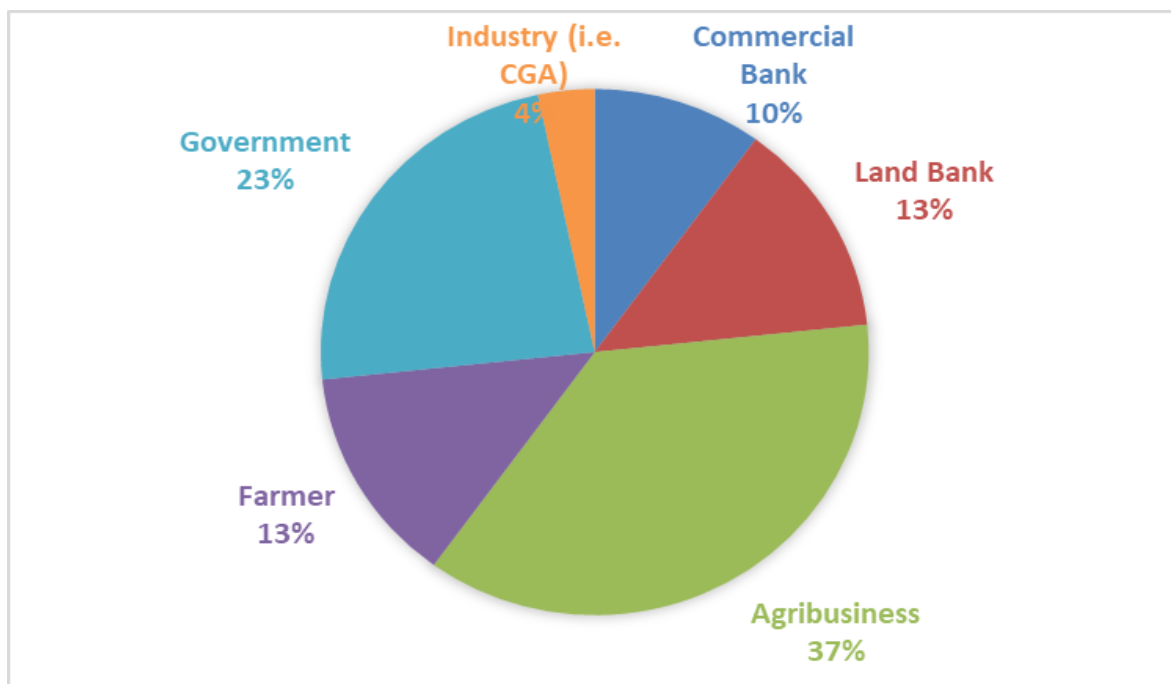
5.2. DEMOGRAPHIC INFORMATION

This section of the analysis of results provided some demographic characteristics of the sample. This information was collected as section A of the measuring instrument as attached in Appendix B. This included information to provide perspective on the role players involved (employer), the level of decision making of the respondents (work level), the gender and age of the respondents. The survey made use of a snowball sampling method to grow the sample to the desired sample size. The questionnaire was sent and viewed by 260 potential respondents, however, the study managed to receive responses from only 64 respondents. The completion rate of 93% was attained and four responses were discarded because of non-completion. The responses that were fit for inclusion in the analysis were 60 responses. For this exploratory research, the sample size of 60 respondents was considered sufficient for analysis and recommendations.

5.2.1. Employer

Literature suggests that there is more than one stakeholder involved in the financing and in the endeavours to integrate emerging farmers to the market in South Africa. Therefore, the sample was drawn from a number of stakeholders involved. Figure 5.1 provides a summary of the distribution of the sample by employer. A bigger proportion of the respondents were employed by the Agribusinesses (37%) followed by the Government (23%) and the Land Bank (13%) and Famers (13%). Critical to this research were respondents employed by the Commercial Banks (10%) which were much lower than required. This was because they were considered the principal in this multi-stakeholder financing partnership and their responses were critical.

Figure 5.1: Demographic composition of the sample: Employer



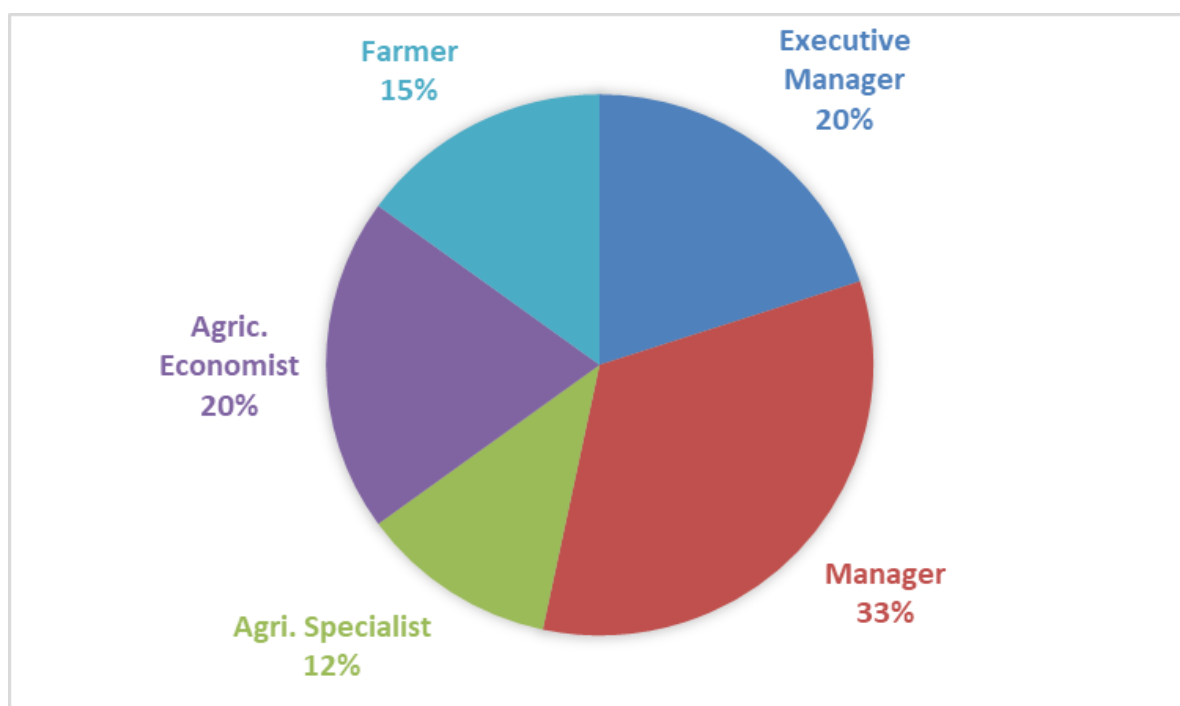
Source: Author's own construction from statistical analysis

5.2.2. Work Level

Respondents were requested to provide information about their work level to ascertain the level of their decision making. This was fundamental in the research because the

framework proposed areas of improvements for the stakeholders to engage optimally and that required decision makers. At the decision-making level the respondents constituted 20% (Executive Managers) of the sample as shown in Figure 5.2 below. Under this level of decision making were the Managers (33%) and the technical respondents constituted 32% of the respondents (20% Agricultural Economists & 12 Agricultural Specialists). Farmers comprised 15% of the respondents and included farm owners and farm managers.

Figure 5.2: Demographic composition of the sample: Work Level



Source: Author's own construction from statistical analysis

5.2.3. Gender

Table 5.1 shows the composition of the sample by gender. Out of the 60 respondents, 83% were males and only 17% of the respondents were female. There were more male respondents than female respondents which shows that the respondents were skewed towards the male gender.

Table 5.1: Demographic composition of the sample: Gender

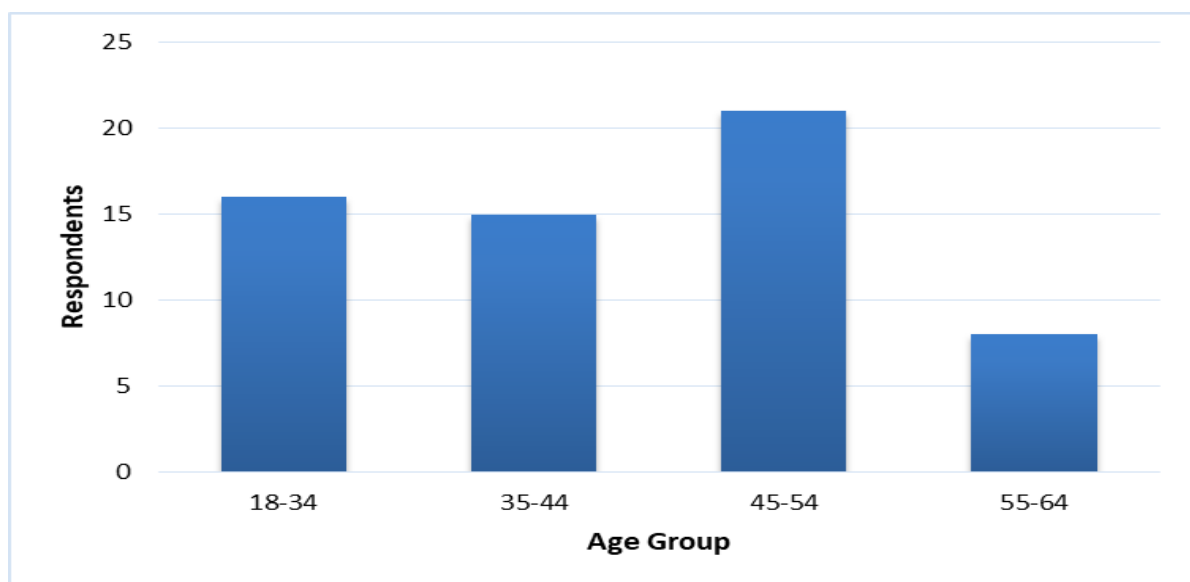
Gender	Respondents	Percentage
Male	50	83%
Female	10	17%
Total	60	100%

Source: Author's own construction from statistical analysis

5.2.4. Age Group

The demographic composition of the sample by age was grouped into four age groups as shown in Figure 5.3 below. From the 60 respondents, 21 respondents (35%) were from the 45-54 years age group, 16 respondents (27%) were from the age group 18-34 years. The age group 35-44 years was represented by 15 respondents (25%) and 8 respondents (13%) represented the age group 55-64 years.

Figure 5.3: Demographic composition of the sample: Age group



Source: Author's own construction from statistical analysis

5.3. RESULTS OF VALIDITY AND RELIABILITY

The methodology selected for this research made use of a sampling technique which required that the results could be generalised back to the population of interest from which the sample was taken. According to Bless et al. (2006) and Roberts and Priest (2006) to generalise the results back to the population, the credibility of the outcomes and the accuracy of the study procedures must be achieved. To assess such credibility and accuracy, the measuring instrument was tested for validity and reliability.

According to Collis and Hussey (2014) validity refers to the extent to which a measuring instrument measures the concept it measures. Validity can be measured using various ways such as content validity, criterion-related validity, construct validity and face validity (Bless et al., 2006). For this research, the Exploratory Factor Analysis (EFA) was used to test for validity of the instrument where the principal component was specified as the method of extraction. As a method of rotation, varimax normalised was used and factor loadings of greater than 0.5 were accepted and considered significant with factors with two or more item loadings were included for further analysis.

To measure reliability, the Cronbach Alpha coefficients were calculated. According to Bless et al. (2006) the Cronbach Alpha measures the internal consistency which is the degree to which various items of an instrument measure the same construct. For social sciences, Bless et al. (2006) and Corbin and Strauss (2014) argued that an instrument with a Cronbach Alpha value of 0.70 is deemed reliable. Nunnally (1978, 464) also argued that for basic or exploratory research, a Cronbach Alpha of between 0.70 – 0.79 is considered good reliability and between 0.50 – 0.69 is acceptable. Moreover, Zikmund *et al.* (2013) considered a reliability of a Cronbach Alpha = 0.60 as a fair reliability.

Table 5.2: Cronbach alpha coefficient index

Interpretation intervals for Cronbach's alphas	Index
Unacceptable	< 0.50
Acceptable	0.50 – 0.69
Good	0.70 – 0.79
Excellent	0.80 +

Source: Nunnally (1978: 464).

Collis and Hussey (2014) highlighted that when a measuring instrument has a Cronbach Alpha co-efficient that is poor, the construct that affects the measuring scale negatively can be deleted to improve the overall co-efficient of the variable. According to Piedmont (2014) the degree of consistency among multiple items measuring the same construct is referred to as the inter-item correlation and a correlation of between 0.20 – 0.40 is in an acceptable range. Some Cronbach Alpha co-efficient results of the variables were lower than 0.50 and the constructs that negatively affected the overall co-efficient were deleted to improve the Cronbach Alpha. The dependent variable (Perceived Increased Levels of Market Integration), intervening variable (Optimum Financing Multi-Stakeholder Engagement) and four independent variables (Organisational Structure, Power Asymmetry, Risk Management, Transaction Costs) had a Cronbach Alpha efficient of 0.50 and more after improving and were considered acceptable and used for further statistical analysis.

5.3.1. Dependent Variable

5.3.1.1. Perceived Increased Levels of Market Integration of Emerging Farmers

For the measurement of dependent variable, three out of four original intended items loaded together (PERC2, PERC3, PERC4) explained 39.0 percent of the variance in the data. Factor loadings of 0.807, 0.722 and 0.623 were measured for this factor and were above 0.40 which according to Hair, Black, Babin, and Anderson (2014) are acceptable and considered significant. Therefore, this suggested that there was sufficient evidence of validity. Perceived increased levels of market integration of emerging farmers returned a Cronbach Alpha co-efficient of 0.571196 which, though

lower than 0.70, is above 0.50 which is acceptable suggesting that the scale measuring this factor was valid (Nunnally, 1978; 464).

Table 5.3: Validity and reliability of perceived increased levels of market integration of emerging farmers

Item	% of variance: 39.0	Cronbach's alpha: 0.571196		
		Factor Loading	Item-Total (Correl.)	Alpha if (deleted)
PERC2	Increased levels of financial inclusion/access to credit will allow emerging farmer's access to technology, skills development, and improved levels of production.	0.807	0.353881	0.514289
PERC3	Increased levels of financial inclusion/access to credit will allow emerging farmers to participate more effectively in the market.	0.722	0.40884	0.426396
PERC4	The support levels by agribusinesses and financial institutions to the emerging farmers can result to increased levels of market participation.	0.623	0.388808	0.457870

Source: Author's own construction from statistical analysis

5.3.2. Intervening Variable

5.3.2.1. Optimum Financing Multi-Stakeholder Engagement

The intervening variable three items intended to measure the variable loaded together (ENGA2, ENGA3 and ENGA4) and 43.5 percent of that variance in the data is explained by them. The factor loadings for these items measured 0.788, 0.761 and 0.588, respectively and were higher than the 0.40 which is considered acceptable and significant (Hair et al., 2014). This provided sufficient evidence of validity for this construct. ENGA1 was deleted to improve the overall Cronbach Alpha coefficient of the optimum financing multi-stakeholder engagement to 0.584723 which according to Nunnally (1978; 464) is considered acceptable. Therefore, this suggested that the scale of measurement was reliable.

Table 5.4: Validity and reliability of optimum financing multi-stakeholder engagement

Item	% of variance: 43.5	Cronbach's alpha: 0.584723		
		Factor Loading	Item-Total (Correl.)	Alpha if (deleted)
ENGA3	Optimum engagement of stakeholders involved in the financing of emerging farmers can result in increased levels of market integration.	0.788	0.438994	0.411552
ENGA2	Strategic conversation between banks, agribusinesses, government, and farmers can result in increased levels of financial inclusion of emerging farmers.	0.761	0.417479	0.457317
ENGA4	Access to finance will allow the development of more strategic partnerships between agribusinesses and emerging farmers.	0.588	0.333538	0.5769

Source: Author's own construction from statistical analysis

5.3.3. Independent Variables

Exploratory Factor Analysis was undertaken on ten original independent variables such as (1) Trust, (2) Organisational Structure, (3) Organisational Culture, (4) Power Asymmetry, (5) Legislation, (6) Risk Management, (7) Partner Selection, (8) Communication, (9) Monitoring and (10) Transaction Costs. Due to insufficient variation on the data, six variables had factor loadings lower than 0.40 and Cronbach Alpha of less than 0.50 which were then considered unacceptable (Nunnally, 1978, 464) and were not considered for further statistical analysis. Only four independent variables had significant and acceptable validity and reliability and the results are presented in Table 5.3.4. These variables are Organisational Structure, Power Asymmetry, Risk Management and Transaction Costs.

For this research, Organisational Structure refers to the extent to which the structure of an organisation allowed it to respond flexibly to the changes that were required to enhance financial inclusion of emerging farmers. Two out of the original four factors loaded together (STRC3 and STRC 1) with factor loading of 0.883 and 0.882 explaining 39.4 percent variation in the data. The Cronbach Alpha co-efficient of 0.715835 was higher than the cut off 0.70 which is considered a reliable and good

Cronbach Alpha (Bless et al., 2006; Corbin and Strauss, 2014; Nunnally, 1978). Therefore, sufficient evidence was presented to conclude that the construct and the scale of measurement were reliable. .

Transaction Costs loaded as TRAN3 and TRAN4 were also improved by omitting two questions which resulted to a Cronbach Alpha of 0.637806 which is considered a fair reliability (Zikmund et al, 2013). The factor loadings were 0.860 and 0847 and were higher than the 0.40 which is considered acceptable and significant (Hair et al., 2014). This construct explained 36.9 percent of that variation of the data. Thus, the validity of the scale measuring this factor was confirmed and the reliability of the scale of measurement. For the purpose of this research, transaction costs refer to the costs of setting up contracts and enforcing them, costs associated with managing the debtor's books, and costs associated with the provision of technical expertise.

Table 5.5: Validity and reliability of independent variables

Item	% of variance	Cronbach's alpha	Factor Loading	Item-Total (Correl.)	Alpha if (deleted)
STRC3	39.4	0.715835	0.883	0.567685	
STRC1	39.4	0.715835	0.882	0.567685	
TRAN3	36.9	0.637806	0.860	0.471444	
TRAN4	36.9	0.637806	0.847	0.471444	
RISK2	41.8	0.631841	0.819	0.417411	0.589522
RISK1	41.8	0.631841	0.810	0.526169	0.403782
PWER3	41.6	0.547398	0.759	0.385103	0.410758
PWER2	41.6	0.547398	0.686	0.377337	0.424309
PWER1	41.6	0.547398	0.646	0.324576	0.497147
RISK3	41.8	0.631841	0.587	0.423111	0.583216

Source: Author's own construction from statistical analysis

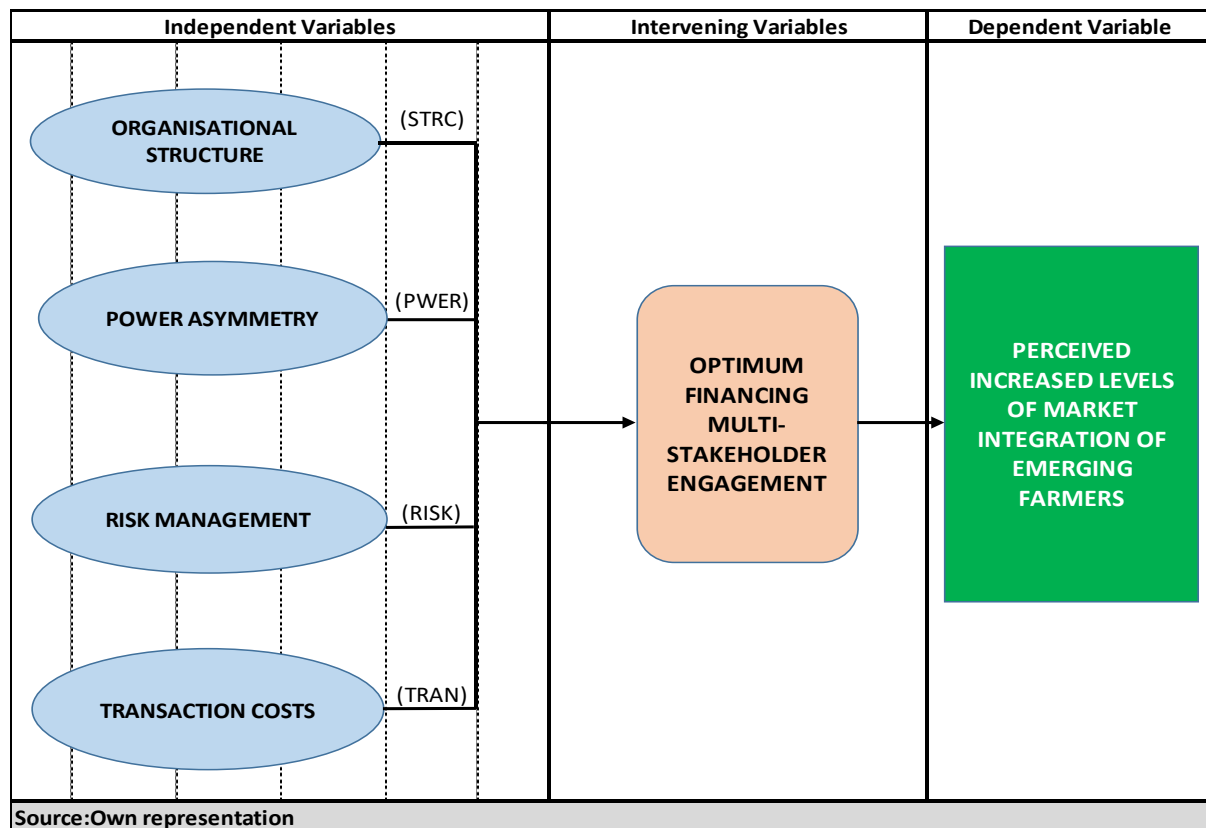
The factor Risk Management loaded three out of four intended items (RISK2, RISK1 and RISK3). They explained 41.8 percent of the variation in the data with factor loadings of 0.819, 0.810 and 0.587 which is considered acceptable and significant (Hair et al., 2014). For the purpose of this research, risk management refers to the degree to which agribusiness's expertise could be leveraged by the commercial banks to ultimately reduce financing risks and increase the level of emerging farmer financing. Risk Management returned a Cronbach Alpha of 0.631841 which Zikmund et al., (2013) considered a fair reliability. Thus, the scale of measurement is considered reliable and valid.

Another factor extracted from the EFA for analysis was the Power Asymmetry. For the purpose of this research, Power Asymmetry refers to the power differences that exist between dominant partners (commercial banks) and smaller partners (agribusinesses) and the influence they have on the financial inclusion of emerging farmers. From the four items intended to measure Power Asymmetry, three loaded together (POWER3, POWER2 and POWER1) and one was omitted to improve the Cronbach Alpha coefficient. These items had factor loading of 0.759, 0.686 and 0.646, respectively higher the 0.40 limit as suggested by Hair *et al.* (2014) and explained 41.6 percent of that variation in the data. The Cronbach Alpha returned was 0.547398 which is considered acceptable (Nunnally, 1978: 464).

5.4. THE REVISED THEORETICAL FRAMEWORK

The Exploratory Factor Analysis results deemed the dependent and intervening variables significant and acceptable and were considered for further statistical analysis. However, only four out of ten independent variables were considered significant and acceptable. Therefore, the proposed theoretical framework had to be revised as shown on Figure 5.5 below. The exploratory factor analysis could not confirm all the variables that were proposed on the original framework. Due to insignificant validity and reliability of the instrument on some variables, six variables were deleted and were not used for further statistical analysis. These were the independent variables Trust, Organisational Culture, Legislation, Partner Selection, Communication and Monitoring.

Figure 5.6: The revised theoretical framework



Since the EFA resulted in the deletion of six variables and the reformulation of the proposed theoretical framework, the original formulated hypotheses had to be revised as well. Below are the revised hypotheses addressed in the study: the relationships were tested in the correlation and multiple regression analysis.

- H1: there is a positive relationship between optimum financing multi-stakeholder engagement and perceived increased levels of market integration of emerging farmers.
- H2: there is a positive relationship between organisational structure and optimum financing multi-stakeholder engagement.
- H3: there is a positive relationship between power asymmetry and optimum financing multi-stakeholder engagement.
- H4: there is a positive relationship between risk management and optimum financing multi-stakeholder engagement.
- H5: there is a positive relationship between transaction costs and optimum financing multi-stakeholder engagement.

5.5. DESCRIPTIVE STATISTICS

The objective of the study was to investigate the factors that affected the optimum engagement of the multi-stakeholders involved in financing to develop a theoretical framework that could help improve financial inclusion of emerging farmers. To achieve this, the literature was reviewed to identify these factors which were statistically tested for relationships that existed between the variables and devised the final theoretical framework. As discussed in the research methodology chapter, the data was collected from a sample taken from a population of respondents that were involved in the financing of emerging farmers. These included respondents from the Commercial banks, development bank, agribusiness, organised agriculture, and farmers themselves.

The descriptive statistics were analysed and discussed in this section which focused on the responses in Section B of the measuring instruments as seen in Appendix B. This made use of frequency tables to illustrate the respondents' answers regarding each question measuring each construct. These constructs, in turn, measured the dependent variable, intervening variable and the independent variables. The responses indicated how respondents agreed or disagreed or felt indifferent that improved levels trust (TRST), organisational structure (STRC), organisational culture (CULT), power asymmetry (PWER), legislation (LEGI), risk management (RISK), partner selection (PART), communication (COMM), monitoring (MONI) and transaction costs (TRAN) could increase the engagement of financing multi-stakeholders for increased financial inclusion of emerging farmers (ENGA) which would increase the perceived levels of market integration of emerging farmers (PERC).

Notwithstanding the reliability and validity results, this section links the values which were most likely to result in the increase of multi-stakeholder engagement and improve the financial inclusion and market integration of emerging farmers. The measuring instrument graded the respondent's level of agreement or disagreement as "strongly disagree", "disagree", "agree" and "strongly agree" but for the purpose of this analysis these have been collapsed to "disagree" and "agree".

5.5.1. Perceived Increased Levels of Market Integration of Emerging Farmers

Table 5.6 summarises the degree to which the respondents agreed or disagreed with the current levels of market integration of emerging farmers and what could help improve them. Seventy two percent (72%) of the respondents agreed that currently, the emerging farmers were not participating meaningfully in the formal markets. The results suggested that this could be improved by increased levels of financial inclusion, and 100% of the respondents agreed that financial inclusion could lead to resolving some of the fundamental challenges faced by emerging farmers such as access to technology, development of skills to produce, manage finances and market their products.

Table 5.6: Descriptive statistics of Perceived Increased Levels of Market Integration of Emerging Farmers

CODE	PERCIEVED INCREASED LEVELS OF MARKET INTEGRATION	Disagree	Neutral	Agree	Mean	Std. Dev.
PERC1	The current levels of formal market participation by emerging farmers are at an acceptable level for their sustainability.	43	5	12	2.25	1.083
		72%	8%	20%		
PERC2	Increased levels of financial inclusion/access to credit will allow emerging farmers' access to technology, skills development, and improved levels of production.			60	4.70	0.462
		0%	0%	100%		
PERC3	Increased levels of financial inclusion/access to credit will allow emerging farmers to participate more effectively in the market.	1	1	58	4.27	0.578
		2%	2%	97%		
PERC4	The support levels by agribusinesses and financial institutions to the emerging farmers can result to increased levels of market participation.		2	58	4.40	0.558
		0%	3%	97%		
Average Mean Score					3.90	

Source: Author's own construction from statistical analysis

The respondents (97%) agreed that the support to the emerging farmers by agribusinesses and financing institutions could increase market integration. The responses to these questions were mostly positive with an average mean score of 3.90 which ranged from 2.25 to 4.70. The standard deviation for the perceived increase levels of market integration ranged from 0.46 to 1.08 which suggests that the respondents were largely in agreement. However, it is worth noting that the construct measurement PERC1 had a standard deviation of 1.08 which suggests a relatively higher variation in the sentiments held by the respondents regarding current levels of market integration of emerging farmers.

5.5.2. Optimum Financing Multi-Stakeholder Engagement

Optimum financing for multi-stakeholder engagement for this research means the degree to which the strategic conversations between multiple stakeholders resulted in a development of a collective paradigm for increased levels of financing of emerging farmers. Table 5.7 shows that 82% of the respondents believed that the stakeholders involved in financing of emerging farmers were not engaging optimally (ENGA1). The respondents all agreed (100%) that the optimum engagement between the stakeholders involved could result in an increase in financial inclusion of emerging farmers.

Table 5.7: Descriptive statistics of Optimum Financing Multi-Stakeholder Engagement

CODE	OPTIMUM FINANCING MULTI-STAKEHOLDER ENGAGEMENT	Disagree	Neutral	Agree	Mean	Std. Dev.
ENGA1	The engagement between stakeholders involved in the financing of emerging farmers is currently at an optimum level.	49	6	5	1.97	0.863
		82%	10%	8%		
ENGA2	Strategic conversation between banks, agribusinesses, government, and farmers can result in increased levels of financial inclusion of emerging farmers.			60	4.70	0.462
		0%	0%	100%		
ENGA3	Optimum engagement of stakeholders involved in the financing of emerging farmers can result in increased levels of market integration.		1	59	4.50	0.537
		0%	2%	98%		
ENGA4	Access to finance will allow the development of more strategic partnerships between agribusinesses and emerging farmers		1	59	4.43	0.533
		0%	2%	98%		
Average Mean Score					3.90	

Source: Author's own construction from statistical analysis

Construct ENGA3 and ENGA4 both yielded a 98% agreement between respondents holding a sentiment that market integration of the farmers could be enhanced by optimum engagement of the stakeholders. The average mean of the responses was 3.90 which had ranged between 1.97 and 4.70. The standard deviation ranged from 0.46 to 0.863 which also indicated that the responses were largely in agreement.

5.5.3. Trust

The literature strongly suggested trust as one of the important factors that affected optimum engagement between stakeholders involved in a multi-stakeholder partnership. For this research, trust means the extent to which the commercial banks, agribusinesses and farmers trust each other to share sensitive information with each other. Table 5.8 illustrates that trust between stakeholders involved in the financing of

emerging farmers was very important to most respondents at 95% (TRST1). However, when the respondents were asked if trust existed amongst the stakeholders a different picture was painted. Most respondents were indifferent (42%) with a slight difference between those who agree (32%) or disagreed (27%) when asked about trust between banks and the agribusinesses (TRST2).

Table 5.8: Descriptive statistics of Trust

CODE	TRUST	Disagree	Neutral	Agree	Mean	Std. Dev.
TRST1	Trust between stakeholders involved in agricultural financing is important for increased levels of financial inclusion of emerging farmers.	2	1	57	4.55	0.769
		3%	2%	95%		
TRST2	Commercial banks in South Africa trust agribusinesses to fulfil certain functions on the behalf.	16	25	19	2.97	0.920
		27%	42%	32%		
TRST3	Emerging farmers find comfort in their financial relationship with the banks and agribusinesses.	23	14	23	2.98	0.965
		38%	23%	38%		
TRST4	Trust can be created and reinforced between the lenders and the emerging farmers through regular interaction.		5	55	4.20	0.576
		0%	8%	92%		
Average Mean Score					4.0	

Source: Author's own construction from statistical analysis

Furthermore, when asked about trust between farmers and the commercial banks and agribusinesses, there was an equal amount between those who disagree and agreed at 38%. Though there seemed to be some level of distrust, respondents felt that trust could be created and maintained between the stakeholders (95%). The mean scores for trust (TRST) ranged between 2.97 and 4.55 with an average mean score of 4.00. This indicated that the sentiments held by the respondents regarding trust in multi-stakeholder partnerships was mostly positive. The standard deviation for trust was between 0.576 and 0.962, with high standard deviations read between constructs TRST2 and TRST3 showing that the respondents held different opinions regarding the existence of trust between the stakeholders.

5.5.4. Organisational Structure

Organisational structure refers to the extent to which the structure of an organisation allows it to respond flexibly to the changes that are required to enhance financial inclusion of emerging farmers. This variable was meant to measure the perceived flexibility of the organisational structures of key role players to allow innovative solutions that can bolster inclusive financing. Table 5.9 provides the summary of these perceptions where 80% (STRC1) of the respondents perceived the organisational structure of the commercial banks rigid. When measuring the ease of interaction with the role players for farmer's needs, a polarised response was recorded for interactions with agribusiness with 43% disagreeing (STRC2) and with commercial banks 83% disagreeing (STRC3). Most respondents (60%) found that the structure of an organisation played a role in its ability to roll out inclusive financing models.

Table 5.9: Descriptive statistics of Organisational Structure

CODE	ORGANISATIONAL STRUCTURE	Disagree	Neutral	Agree	Mean	Std. Dev.
STRC1	Current commercial banks operating structures are flexible enough to allow the necessary changes needed for increased levels of financing inclusion	48	8	4	1.87	0.892
		80%	13%	7%		
STRC2	Emerging farmers find it easy to interact with agribusinesses for their financing needs.	26	11	23	2.88	1.059
		43%	18%	38%		
STRC3	Emerging farmers find it easy to interact with commercial banks for their financing needs.	50	7	3	2.00	0.736
		83%	12%	5%		
STRC4	The structure of the organisations involved in agricultural finance has no impact on finance inclusion of emerging farmers.	36	11	13	2.55	1.111
		60%	18%	22%		
Average Mean Score					2.33	

Source: Author's own construction from statistical analysis

The average mean score for organisational structure was 2.33 and the mean scores ranged between 1.87 and 2.88. This reflects that there was a fair balance between the positive and negative responses from the respondents. There was a fair distribution of

the responses around the mean of each construct in particular constructs STRC2 and STR4 with a range of standard deviation of between 0.736 and 1.111.

5.5.5. Organisational Culture

In this study, organisational culture is defined as the ability of the stakeholders to compromise some traditional way of doing things to adopt progressive ways. Financial inclusion of emerging farmers requires innovative financing solutions beyond the traditional way of financing, and this requires a different culture than the existing risk mitigation culture. Table 5.10 shows that there was a negative perception regarding the riskiness of financing emerging farmers (CULT1) with 95% of respondents agreeing. Most respondents (78%) disagreed that the culture that currently existed in the commercial banks could foster innovative financing solutions that could enhance financial inclusion of emerging farmers. On the other hand, there were polarised sentiments on whether the agribusinesses had a conducive culture for emerging farmer financial inclusion, 33% disagreed, 20% were indifferent and 47% agreed.

Table 5.10: Descriptive statistics of Organisational Culture

CODE	ORGANISATIONAL CULTURE	Disagree	Neutral	Agree	Mean	Std. Dev.
CULT1	Currently, negative perceptions regarding the perceived riskiness of financing emerging farmers does exist	5	4	51	4.32	0.983
		8%	7%	85%		
CULT2	The current commercial banks culture is conducive for discussions on innovative ways for financial inclusion of emerging farmers.	47	9	4	2.03	0.823
		78%	15%	7%		
CULT3	The current agribusinesses culture is conducive for discussions on innovative ways for financial inclusion of emerging farmers.	20	12	28	3.12	0.976
		33%	20%	47%		
CULT4	Norms and values play a significant role in an organisations ability to finance.	1	4	55	4.17	0.615
		2%	7%	92%		
CULT5	A collaborative culture can enhance the finance inclusion of emerging farmers.		4	56	4.42	0.619
		0%	7%	93%		
Average Mean Score					3.61	

Source: Author's own construction from statistical analysis

The highest positive responses were on construct CULT4 (92%) and CULT5 (93%) where respondents agreed that culture played a significant role in an organisation's ability to finance and a culture of collaboration could enhance the financial inclusion of emerging farmers. The mean scores for organisational culture (CULT) ranged between 2.03 and 4.42 with an average mean score of 3.61. The standard deviation for organisational culture ranged from 0.615 to 0.983 which indicates the spread of responses around the mean score.

5.5.6. Power Asymmetry

Organisations differ in size and with that difference in size comes differences in the power they possess and their influence in decisions. For this research, power asymmetry refers to the power differences that exist between dominant partners (commercial banks) and smaller partners (agribusinesses) and the influence they have on the financial inclusion of emerging farmers. Table 5.11 illustrates the responses from respondents regarding their sentiments on the influence of power and inclusive financing of emerging farmers. Eighty three percent (83%) of the respondents agreed that the power commercial banks have had a direct influence on the decisions when engaging other stakeholders. That is why 95% of the respondents agreed that commercial banks would want to dictate how the financing was structured in an inclusive model. This is merely because the balance sheet and cash flows to fund these emerging farmers to a scale that makes a difference lie with the commercial banks.

There was a general positive agreement between the respondents regarding the measuring constructs with an average mean score of 3.72 and a range of means scores between 2.87 and 4.20. The standard deviation also confirms the concentration of the responses around the mean answer with a range of between 0.637 and 1.065. This indicates that the responses were mostly in agreement with the question statements posed.

Table 5.11: Descriptive statistics of Power Asymmetry

CODE	POWER ASYMMETRY	Disagree	Neutral	Agree	Mean	Std. Dev.
POWER1	Differences in the power organisations have, has an impact on decision making and implementation.	1	10	49	3.97	0.637
		2%	17%	82%		
POWER2	Commercial bank dominance has a direct influence on their decision-making process when engaging with other strategic partners.	5	5	50	3.85	0.777
		8%	8%	83%		
POWER3	Agribusinesses have no power to influence how financing is done to enhance financial inclusion	30	10	20	2.87	1.065
		50%	17%	33%		
POWER4	In a financial inclusion model, banks would want to dictate the terms of how the funding is structured and managed.	2	1	57	4.20	0.632
		3%	2%	95%		
Average Mean Score					3.72	

Source: Author's own construction from statistical analysis

5.5.7. Legislation

Legislation was considered in this research as an enabler of optimum multi-stakeholder engagement in which the government plays a key role. For this research, legislation refers to the official laws specifically within the SA financial services sector which aims to protect vulnerable lenders, avoid indebtedness and sharing of personal information but also creates an environment for increased levels of financial inclusion of emerging farmers. Table 5.12 summarises the responses of the respondents with a mean score range of between 2.50 and 3.53 and an average mean score of 2.80. The standard deviation ranged from 0.911 to 1.039 which shows that the level of dispersion of the responses around the mean.

From Table 5.12, it can be seen that 57% of the respondents felt that the legislation did not promote the collaboration of commercial banks with other role players where exchange of personal information was necessary (LEGI2). There are polarized sentiments on whether the current legislation, with protection of personal information legislation, facilitates the financial inclusion of emerging farmers with 63% disagreeing, 15% neutral and 22% agreeing (CULT3).

Table 5.12: Descriptive statistics of Legislation

CODE	LEGISLATION	Disagree	Neutral	Agree	Mean	Std. Dev.
LEGI1	Sharing of personal information is important for the financial inclusion of emerging farmers.	12	13	35	3.53	1.033
		20%	22%	58%		
LEGI2	Current legislation makes it easy for banks to go into collaborations where personal information sharing is required.	34	17	9	2.50	0.911
		57%	28%	15%		
LEGI3	Current legislation within the SA financial services sector is sufficient to facilitate increased levels of financial inclusion of merging farmers.	38	9	13	2.53	0.999
		63%	15%	22%		
LEGI4	Current legislation effectively protects vulnerable emerging farmers from lenders.	32	10	18	2.65	1.039
		53%	17%	30%		
Average Mean Score					2.80	

Source: Author's own construction from statistical analysis

5.5.8. Risk Management

Risk is one of the fundamental aspects under consideration when financing institutions consider financing. This is more so in particular with the financing of emerging farmers that have, over and above the traditional risks, additional risks as highlighted in literature and confirmed under variable “trust”. Therefore, multi-stakeholder partnerships should, amongst other issues, address the perceived risk of financing emerging farmers. For this research, risk management refers to the degree to which agribusiness's expertise can be leverage by the commercial banks to ultimately reduce financing risks and increase the level of emerging farmer financing.

Table 5.13 provides a summary of the sentiments held by the respondents regarding credit risk management through multi-stakeholder partnerships. Most respondents (88%) agreed that agribusiness could reduce the credit risk through effective production risk management (RISK1). Respondents (93%) also agreed that agribusiness could link emerging farmers with markets, reducing the market risk and therefore reducing the credit risk. Similar to price risk, 83% of the respondents were in agreement that the agribusinesses could reduce the risk which could be through securing off-take agreement or price hedging. Lastly, 88% of the respondents agreed

that agribusinesses could help farmers manage their risk better which could be through the provision of internal technical expertise that agribusinesses possessed (RISK4). The mean scores showed that the responses were mostly positive with a range of between 3.85 and 4.20 and an average mean score of 4.05. The standard deviation also ranged from 0.490 to 0.755 which indicates the level of dispersion of the responses around the mean.

Table 5.13: Descriptive statistics of Risk Management

CODE	RISK MANAGEMENT	Disagree	Neutral	Agree	Mean	Std. Dev.
RISK1	Agribusinesses can enhance credit risk management for the banks through assisting with effective production risk management.	1	6	53	4.20	0.684
		2%	10%	88%		
RISK2	Agribusinesses can enhance credit risk management for the banks through assisting with effective market risk management.		4	56	4.12	0.490
		0%	7%	93%		
RISK3	Agribusinesses can enhance credit risk management for the banks through assisting with effective price risk management.	6	4	50	3.85	0.755
		10%	7%	83%		
RISK4	Agribusinesses possesses expertise that can help banks and farmers manage their risk better.	2	5	53	4.03	0.637
		3%	8%	88%		
Average Mean Score					4.05	

Source: Author's own construction from statistical analysis

5.5.9. Partner Selection

Arguments were raised in the literature review chapter regarding the importance of partner selection when considering a multi-stakeholder partnership. For this research, risk management refers to the degree to which agribusiness's expertise can be leveraged by the commercial banks to ultimately reduce financing risks and increase the level of emerging farmer financing. Respondents were asked on key considerations fundamental to partner selection for risk mitigation and increased levels of financial inclusion of emerging farmers. Table 5.14 demonstrates that 95% of the respondents agreed that track records of agribusiness would play an imperative role

in selecting partners (PART1). Additionally, 73% of respondents agreed that agribusinesses were in a better position to select the right emerging farmers to be financed (PART2) due to their proximity to the farmers on the ground.

Table 5.14: Descriptive statistics of Partner Selection

CODE	PARTNER SELECTION	Disagree	Neutral	Agree	Mean	Std. Dev.
PART1	Track records of the agribusinesses is important in the selection process by the principal.	1	2	57	4.33	0.629
		2%	3%	95%		
PART2	Agribusinesses are in a better position to select the right emerging farmers to be financed.	9	7	44	3.78	0.940
		15%	12%	73%		
PART3	Agribusinesses are willing to share the associated financing risks with the commercial banks.	14	21	25	3.20	0.879
		23%	35%	42%		
PART4	Commercial banks find comfort in the ability of agribusiness to mitigate financing risk with regards to emerging farmers.	14	19	27	3.22	0.922
		23%	32%	45%		
Average Mean Score					3.63	

Source: Author's own construction from statistical analysis

However, there were differing opinions on whether agribusinesses were willing to share the risks with the banks. Construct PART3 showed that 42% of the respondents agreed, 35% were neutral while only 23% disagreed. Similar to construct PART4, polarised results were observed where 45% of the respondents agreed with the statement that commercial banks found comfort in agribusinesses abilities to mitigate risks. The means scores (3.20 to 4.33) and the average mean score of 3.63 indicated that the responses were mostly positive towards the importance of partner selection. The standard deviation range of between 0.629 and 0.940 shows how the responses were concentrated around the mean.

5.5.10. Communication

Currently, there are stakeholders involved in the development and financing of emerging farmers, however, there seems to be a communication vacuum. The degree

to which the respondents agreed that the communication levels between these stakeholders was not effective was 68% (COMM1) as shown in Table 5.15. With regard to the use of technology to improve effective communication (COMM2), 85% of the respondents agreed that ICT could be used. Moreover, 97% of the respondents agreed that the trust deficit that existed as seen when the Trust variable was measured, could be improve by effective communication (COMM3).

Table 5.15: Descriptive statistics of Communication

CODE	COMMUNICATION	Disagree	Neutral	Agree	Mean	Std. Dev.
COMM1	Current levels of communication between key stakeholders involved in the financing of emerging farmers is effective.	41	10	9	2.30	0.979
		68%	17%	15%		
COMM2	ICT applications can effectively be used to improve communication.		9	51	4.20	0.684
		0%	15%	85%		
COMM3	Effective communication can improve the trust deficit and build comfort between stakeholders involved in the financing of emerging farmers.	1	1	58	4.33	0.601
		2%	2%	97%		
COMM4	Effective communication is necessary for the monitoring of performance by stakeholders involved in the financing of emerging farmers.			60	4.35	0.481
		0%	0%	100%		
Average Mean Score					3.80	

Source: Author's own construction from statistical analysis

The respondents unanimously agreed (100%) that effective communication would enhance the monitoring of an MSP amongst the stakeholders (COMM4). This unanimity was confirmed by the mean scores ranging from 2.30 to 4.35 with an average mean score of 3.80 which showed that the responses were mostly positive. The standard deviation ranging between 0.481 and 0.979 also showed the distribution of the responses around the mean.

5.5.11. Monitoring

The degree of agreement between respondents regarding monitoring (MONI) is illustrated in Table 5.16 below. For this research, monitoring refers to the ability of the stakeholders to provide progress reports on targets and goals as set by the partnership. The respondents agreed (92%) that a proper accounting system was necessary to monitor how the financing of the emerging farmers (MONI2) was handled within an MSP. Similarly, to the reporting on the performance of the debtor's book to the principal by an agent (MONI1) was considered important by respondents (92%). Tools that promoted accountability within the MSP were also agreed to be important by the respondents (93%) while reporting on production targets was also considered important by 88% of the respondents.

Table 5.16: Descriptive statistics of Monitoring

CODE	MONITORING	Disagree	Neutral	Agree	Mean	Std. Dev.
MONI1	Accounting systems such as monthly management statements and audited financial statements are important tools for monitoring financing risk.		5	55	4.38	0.640
		0%	8%	92%		
MONI2	Regular reporting on the performance of the debtor's book by the agent to the principal, is key to optimum stakeholder engagement.	1	4	55	4.13	0.596
		2%	7%	92%		
MONI3	Proper implementation of accountability tools can enhance the financial inclusion of emerging farmers.		4	56	4.37	0.610
		0%	7%	93%		
MONI4	Regular reporting on production performance of emerging farmers by the agent to the principal, is key to optimum stakeholder engagement.	2	5	53	4.18	0.725
		3%	8%	88%		
Average Mean Score					4.27	

Source: Author's own construction from statistical analysis

The mean scores for the variable monitoring (MONI) ranged between 4.13 and 4.38 with an average mean score of 4.27. This confirmed the level of agreement between respondents that the responses were mostly positive. The standard deviations also

ranged between 0.596 and 0.725 which indicated the distribution of the response around the mean.

5.5.12. Transaction Costs

For this research, transaction costs referred to the costs of setting up contracts and enforcing them, costs associated with managing the debtor's books', and costs associated with the provision of technical expertise. The study intended to measure whether transaction costs associated with the setting up of an MSP might be an inhibiting factor and the reason why stakeholders involved in financing of emerging farmers did not form an MSP. Table 5.17 illustrates the sentiments held by the respondents regarding the transaction costs (TRAN) and the degree of variation in the responses. A high percentage of respondents (53%) agreed that the costs associated with establishing and maintaining an MSP were inhibiting (TRAN1). When assessing construct TRAN2, a higher proportion of the respondent showed indifference on whether banks were willing to compensate agribusinesses for their administrative work.

Table 5.17: Descriptive statistics of Transaction Costs

CODE	TRANSACTION COSTS	Disagree	Neutral	Agree	Mean	Std. Dev.
TRAN1	The costs associated with the establishment and operating of multi-stakeholder partnerships in agricultural financing is inhibiting high.	10	18	32	3.42	0.889
		17%	30%	53%		
TRAN2	Banks are willing to compensate agribusinesses for administrative work done on their behalf.	21	27	12	2.83	0.763
		35%	45%	20%		
TRAN3	Agribusinesses are willing to share the costs associated with establishing and operating a partnership for financial inclusion of emerging farmers.	16	18	26	3.18	0.911
		27%	30%	43%		
TRAN4	Farmers are willing to pay for some costs (except interest) involved in obtaining finance.	14	11	35	3.37	1.025
		23%	18%	58%		
Average Mean Score					3.20	

Source: Author's own construction from statistical analysis

The respondents (43%) showed that agribusinesses were willing to share the costs associated with establishing an MSP that would enhance financial inclusion of emerging farmers (TRAN3). Lastly, the respondents (58%) also indicated that farmers were willing to pay some of the costs involved in establishing an MPS meant to improve financial inclusion of the emerging farmers. The level of positive responses was not as high as the other observed responses which indicated that the respondents had strong differing views on the costs associated. The mean scores ranged from 2.83 to 3.42 with an average mean score of 3.20. The dispersion of the responses around their mean was indicated with a range of between 0.763 and 1.025.

5.6. PEARSON'S SIMPLE LINEAR CORRELATION

According to Wegner (2017) the strength of the linear association between two quantitative variables is measured by correlation analysis. Collis and Hussey (2014) mentioned that the degree of association between groups of variables is measured using correlation analysis and it provides the direction and strength of the relationship. To assess the existence and to determine the strength and direction of the relationships that existed between the variables, this study used the Pearson's product moment correlation coefficient. "A correlation co-efficient is a proportion that lies between -1 and +1 only" (Wegner, 2017; 336). According to Collis and Hussey (2014) the strength of the relationships ranges between a weak correlation to a very high correlation as shown in Table 5.18 below.

Table 5.18: Correlation coefficient interpretation

Correlation Coefficient	Interpretation of relationship strength
$r < 0.39$	Weak Correlation
$0.40 < r < 0.69$	Moderate correlation
$0.70 < r < 0.89$	Strong correlation
$r > 0.90$	Very high correlation

Source: Collis and Hussey (2014: 270)

Table 5.19 below provides the results of the Pearson's product moment correlation undertaken to establish the relationships that exists between the variables in this study. The variables considered here for further statistical analysis were those where enough evidence was provided for their validity and reliability. For this analysis, a correlation coefficient "r" is statistically significant at the 0.05 level for n=60 if $r \geq 0.183$. Therefore, from Table 5.9 below, it can be seen that there is a strong positive correlation between the dependent variable "Perceived Increase" and the intervening variable "Optimum Engagement" ($r=0.698$). This indicates that if the multi-stakeholders involved in financing could engage optimally, there would be a perceived increase in the levels of market integration of emerging farmers.

Furthermore, there was a weak positive but significant relationship between the dependent variable Perceived Increase and independent variable Risk Management with $r = 0.255$. The intervening variable Optimum Engagement had weak positive but significant relationship with the independent variables Power Asymmetry ($r=0.264$) and Risk Management ($r=0.298$). This meant that the intervening variable increased with the independent variables. There was also a weak positive relationship between independent variables Risk Management and Transaction Costs ($r=0.388$) and a weak negative relationship between the Organisational Structure and Power Asymmetry ($r=-0.267$).

Table 5.19: Correlation between variables

Correlation Marked correlations are significant at $p < 0.05$ N=60 (Case wise deletion of missing data)						
Variable	Perceived Increased Levels	Optimum Engagement	Organisational Structure	Power Asymmetry	Risk Management	Transaction Costs
Perceived Increased Levels	-	0.698	-0.060	0.141	0.255	0.094
Optimum Engagement	0.698	-	-0.061	0.264	0.298	-0.035
Organisational Structure	-0.060	-0.061	-	-0.267	-0.092	-0.245
Power Asymmetry	0.141	0.264	-0.267	-	0.098	0.051
Risk Management	0.255	0.298	-0.092	0.098	-	0.388
Transaction Costs	0.094	-0.035	-0.245	0.051	0.388	-

Source: Author's own construction from statistical analysis

5.7. RELATIONSHIPS BETWEEN VARIABLES

To investigate the influence of the independent variables on the dependent variable and the influence of independent variables on the intervening variable, multiple regression was used. According to Wegner (2016; 239) “multiple regression finds a straight line equation that represents the relationship between the values of two or more numeric variables”. This section discusses the statistical relationships that exists between these variables in terms of the stated hypotheses.

5.7.1. Relationship between Intervening Variable and Dependent Variable

The study considers that the lack of access to finance by emerging farmers (financial exclusion) is because of the sub-optimal levels of engagement by the stakeholders involved. Therefore, optimum stakeholder engagement would increase financial inclusion of emerging farmers leading to emerging farmers participating at increased levels in the markets. Hence, for the purpose of this research, optimum engagement of multi-stakeholders was measured to the level of perceived increased levels of market integration of emerging farmers. This relationship was hypothesised and investigated as follows:

H₀: there is no relationship between optimum financing multi-stakeholder engagement and perceived increased levels of market integration of emerging farmers.

H₁: there is a positive relationship between optimum financing multi-stakeholder engagement and perceived increased levels of market integration of emerging farmers.

Table 5.20 below provides the results of the simple regression analysis depicting the relationship that exists between optimum engagement and perceived increased levels. The p-value of 0.000 which is lower than any conventional level of significance, in this case $p < 0.05$, shows that there is a relationship between optimum engagement and perceived increased levels. This means that the Null hypothesis (H₀) is rejected and H₁ is accepted. There is a significant positive relationship between relationship

between optimum engagement ($r=0.698$, $p<0.05$) and perceived increased levels. Therefore, an increase in optimum engagement of multi-stakeholders would result in an increased in perceived increased levels of market integration of emerging farmers. Furthermore, the coefficient of determination (R^2) which measures the proportion of the variation in the dependent variable explained by the regression suggested that optimum engagement explained 49% of the total variations in the perceived increased levels and 51% is explained by other factors.

Table 5.20: Simple Regression with Optimum Engagement and Perceived Increased Levels (n=60)

Regression Summary for Intervening Variable and Perceived Increase Levels; N = 60 R= 0.698 R ² = 0.487 F(1.58)=55.148; p<0.000; p* <0.05						
	Beta coefficient	Std. Error	B Coefficient	Std. Error	t value	p-value
Intercept			1.160	0.445	2.605	0.012
Optimum Engagement	0.698	0.094	0.725	0.098	7.426	0.000

Source: Author's own construction from statistical analysis

5.7.2. Relationship between Independent Variables and Intervening Variable

5.7.2.1. Relationship between Organisational Structure and Optimum Engagement

For this study, organisational structure refers to the extent to which the structure of an organisation allows it to respond flexibly to the changes that are required to enhance financial inclusion of emerging farmers. It is expected that the intervening variable would increase with a decrease in the level of organisational structure. The relationships above were investigated using the following hypothesis.

H₀: there is no relationship between organisational structure and optimum financing multi-stakeholder engagement.

H₁: there is a negative relationship between organisational structure and optimum financing multi-stakeholder engagement.

Table 5.21 shows the results of the multiple regression analysis which indicates the relationship between organisational structure and optimum engagement. According to the results, the p-value of organisational structure and optimum engagement was 0.931 ($p > 0.05$), therefore, we failed to reject the null hypothesis and the alternative hypothesis was not accepted. There was no significant relationship between organisational structure and optimum engagement ($r = -0.011$, $p > 0.05$).

5.7.2.2. Relationship between Power Asymmetry and Optimum Engagement

For this research, power asymmetry refers to the power differences that exist between dominant partners (commercial banks) and smaller partners (agribusinesses) and the influence they had on the financial inclusion of emerging farmers. It is expected that the intervening variable optimum engagement would increase with a decrease in the level of power asymmetry. The relationships above were investigated using the following hypothesis.

H₀: there is no relationship between power asymmetry and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between power asymmetry and optimum financing multi-stakeholder engagement.

Table 5.21 shows the results of the multiple regression analysis which indicates the relationship between power asymmetry and optimum engagement. According to the results, the p-value of power asymmetry and optimum engagement was 0.069 ($p > 0.05$), therefore, the research failed to reject the null hypothesis and the alternative hypothesis was not accepted. There was no significant relationship between power asymmetry and optimum engagement ($r = 0.237$, $p > 0.05$).

Table 5.21: Summary of Multiple Regression Analysis of the relationship between the Independent variables and Perceived Increased Levels (n=60)

Regression Summary for Independent Variables and Optimum Engagement; N = 60 R= 0.42 R ² = 0.17 F(4.55)=2.87; p<0.03; p*<0.05						
	Beta coefficient	Std. Error	B Coefficient	Std. Error	t value	p-value
Intercept			3.039	0.580	5.244	0.000
Organisational Structure	-0.011	0.131	-0.006	0.069	-0.086	0.931
Power Asymmetry	0.237	0.128	0.180	0.097	1.853	0.069
Risk Management	0.345	0.134	0.263	0.102	2.584	0.012
Transaction Costs	-0.184	0.137	-0.084	0.062	-1.344	0.185

Source: Author's own construction from statistical analysis

5.7.2.3. Relationship between Risk Management and Optimum Engagement

For this research, risk management refers to the degree to which agribusiness's expertise could be leveraged by the commercial banks to ultimately reduce financing risks and increase the level of emerging farmer financing. It was expected that the intervening variable optimum engagement would increase with an increase in the level of risk management. The relationships above were investigated using the following hypothesis.

H₀: there is no relationship between risk management and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between risk management and optimum financing multi-stakeholder engagement.

Table 5.21 shows the results of the multiple regression analysis which indicates the relationship between risk management and optimum engagement. According to the results, the p-value of risk management and optimum engagement is 0.012 (p<0.05), therefore, we reject the null hypothesis, and the alternative hypothesis is accepted.

There is a positive significant relationship between risk management and optimum engagement ($r=0.345$, $p<0.05$).

5.7.2.4. Relationship between Transaction Costs and Optimum Engagement

For this research, transaction costs refer to the costs of setting up contracts and enforcing them; costs associated with managing the debtor's books, and costs associated with the provision of technical expertise. It was expected that the intervening variable optimum engagement would increase with a decrease in the transaction costs. The relationships above were investigated using the following hypothesis.

H₀: there is no relationship between transaction costs and optimum financing multi-stakeholder engagement.

H₁: there is a positive relationship between transaction costs and optimum financing multi-stakeholder engagement.

Table 5.21 shows the results of the multiple regression analysis which indicates the relationship between transaction costs and optimum engagement. According to the results, the p-value of transaction costs and optimum engagement are 0.185 ($p>0.05$), therefore, we failed to reject the null hypothesis and the alternative hypothesis was not accepted. There was no significant relationship between transaction costs and optimum engagement ($r=-0.184$, $p>0.05$).

5.8. SUMMARY

This chapter presented the empirical results of the study where data that were collected from 60 respondents involved in the development of emerging farmers in South Africa. A description of the demographic composition of the sample was provided to provide context about the population of interest. Using Exploratory Factor Analysis and Cronbach Alpha co-efficient, the measuring instrument was tested for validity and reliability, respectively. The factor analysis results indicated that from the initial ten independent variables, four possibly affected the optimum engagement of the financing multi-stakeholders for market integration of emerging

farmers. These being *organisational structure, power asymmetry, risk management and transaction costs*. Several statistical tests were done to examine the empirical results of this study which included undertaking the Pearson's product correlation, simple regression, multiple regression analysis and application of descriptive statistics. Relationships between variables were assessed, measured, and presented in line with hypotheses that were hypothesised. Some of the significant observations are presented in Table 5.22, Table 5.23 and Table 5.24 below.

Table 5.22: Summary of significant observations on the dependent variable

Code	Question	Mean	Std. Dev.	Observations
PERC 2	<i>Increased levels of financial inclusion/access to credit will allow emerging farmers access to technology, skills development, and improved levels of production.</i>	4.70	0.46	100% of the respondents agreed that the access to right structured finance other challenges which characterised emerging farmers could be resolved i.e., skills could be developed through new partnerships.
PERC 4	<i>The support levels by agribusinesses and financial institutions to the emerging farmers could result to increased levels of market participation.</i>	4.40	0.55	97% of the respondents involved in the development of emerging farmers agreed that market integration of emerging farmers required a multi-stakeholder partnership.

Source: Author's own construction from statistical analysis

Table 5.23: Summary of significant observations on the intervening variable

Code	Question	Mean	Std. Dev.	Observations
ENGA 2	<i>Strategic conversation between banks, agribusinesses, government, and farmers can result in increased levels of financial inclusion of emerging farmers.</i>	4.70	0.46	A collective paradigm fundamental between stakeholders involved in the development of emerging farmers to have strategic conversations for inclusive financial models for emerging farmers.
ENGA 4	<i>Access to finance will allow the development of more strategic partnerships between agribusinesses and emerging farmers</i>	4.39	0.53	Respondents (98%) agreed that agribusinesses that are willing to go into partnerships with emerging farmers would be able to roll out more successful strategic partnerships.

Source: Author's own construction from statistical analysis

Table 5.24: Summary of significant observations on the independent variable

Code	Question	Mean	Std. Dev.	Observations
STRC3	<i>Emerging farmers find it easy to interact with commercial banks for their financing needs.</i>	1.87	0.89	The highest proportion of responses (80%) disagreed with this question statement suggesting that banks still do not have a financial inclusive model for emerging farmers.
STRC1	<i>Current commercial banks operating structures is flexible enough to allow the necessary changes needed for increased levels of financing inclusion</i>	2.00	0.74	The organisational structure of the banks is considered inhibitive to responding quickly to the financial needs of emerging farmers.
PWER4	<i>In a financial inclusion model, banks would want to dictate the terms of how the funding is structured and managed.</i>	4.20	0.63	With a mean of 4.20, 95% positive responses suggested that banks used their power to stick to their requirements of lending even for emerging farmers.
PWER2	<i>Commercial bank dominance has a direct influence on their decision-making process when engaging with other strategic partners.</i>	3.85	0.78	An 83% positive response rate indicated that whenever other stakeholders engaged banks on innovative ways to finance emerging farmers, the discussions always favour the banks.
RISK2	<i>Agribusinesses can enhance credit risk management for the banks by assisting with effective market risk management.</i>	4.12	0.49	High positive response rate of 93% and mean of 4.12 suggest that it is commonly comprehended that agribusinesses could help reduce associated financing risks.
RISK1	<i>Agribusinesses can enhance credit risk management for the banks through assisting with effective production risk management.</i>	4.20	0.68	Through the involvement of agribusinesses at production levels, the associated risk could be reduced for funding institutions fund models where agribusinesses were involved.
TRAN4	<i>Farmers are willing to pay for some costs (except interest) involved in obtaining finance.</i>	3.37	1.03	With the standard deviation of 1.03, there was differing of opinion if farmers would be willing to be charged costs associated with putting up a MSP.
TRAN1	<i>The costs associated with the establishment and operating of a multi-stakeholder partnership in agricultural financing is inhibiting high.</i>	3.42	0.89	Similarly, there was a dispersion in opinion as to whether costs associated with putting up an MSP were the reason why there was no MSP set up for financial inclusion of emerging farmers

Source: Author's own construction from statistical analysis

There is a strong positive relationship ($p < 0.05$) between the dependent variable perceived increased levels and the intervening variable optimum engagement, explaining 49% of the variation in the dependent variable. This indicated that optimum financing multi-stakeholder engagement was an imperative factor if inclusive financial models were to be found for increased levels of market integration of emerging farmers.

CHAPTER 6: SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1. INTRODUCTION

Chapter 5 presented the empirical results of the study where validity and reliability of the instrument were tested and where sufficient evidence could not be provided; variables were not considered for further statistical analysis. The descriptive statistics on all variables were presented and relationships that existed were assessed and measured. To consolidate, this chapter provides an overview of the study highlighting the general overview and recapping the research questions and objectives. There is a discussion on the main empirical findings and pertinent recommendations have been made and the proposal of the theoretical framework for increased levels of market integration of emerging farmers was proposed. The chapter concludes by highlighting study limitations and suggestions for areas of further research for future studies.

6.2. OVERVIEW OF THE STUDY

6.2.1. General Overview

Chapter 1 provided the background of the study putting some context to the problem statement, and the research problem. The background highlighted that since the transitioning of the country in 1994, policies have been implemented to close the gap between the so-called commercial farmers and emerging farmers. These policies have been land redistribution and settlement of farms to these farmers. Nonetheless, set targets in terms of redistributing the land have failed with little success of emerging farmers occupying the transferred lands successfully. The study focused its enquiry on the latter where the failure was regarded as poor market participation by emerging farmers. The inability for emerging farmers to participate meaningfully in the markets (market integration) was attributed to the lack of access to finance by emerging farmers.

The literature suggested a multi-stakeholder approach to solve this problem. However, the multi-stakeholders must engage optimally to successfully increase the

participation of emerging farmers to the markets. Hence the problem statement was coined as follows:

As a result of structural differences between multiple stakeholders involved in agricultural financing, strategic partnerships between them remains complex; and as a result, emerging farmers continue to struggle to access credit and ultimately being integrated into more remunerative markets.

Based on this research problem the reach questions, primary and secondary objectives were formulated and are highlighted below.

6.2.2. Research Questions

The main research problem was further supported by the secondary research questions presented below:

RQ1: What should multi-stakeholders involved in the financing of emerging farmers do in order to ensure the financial inclusion of emerging farmers?

A multi-stakeholder partnership has been regarded as one of the best solutions to solve complex problems (Murphy & Walsh, 2020; Hazlewood, 2015; Vayaliparampil, et al, 2021). However, getting people to work together is not an easy or simple task. Therefore, Faysse (2006) and Brouwer et al. (2019) suggest that for MSPs to deliver the desired outcomes, they must engage optimally. Hence optimum engagement of the stakeholders involved in the development of emerging farmers is paramount to the success of integrating emerging farmers to the markets.

RQ2: What are the factors that influence multi-stakeholder engagement for increased levels of financial inclusion of emerging farmers?

The literature suggests various factors that influence the engagement of stakeholders in an MSP. Brouwer et al, (2019) suggested cultural and structural differences, Faysse (2006) emphasised power relations, HLPE (2018) suggested focusing on internal conditions and Vhugen (2015) focused on governance issues. Therefore, the study focused on trust, organisational structure and culture, power asymmetry, legislation,

management of risk, selection of partners, effective communication, monitoring and the costs associated (transaction costs).

RQ3: How can the engagement of multi-stakeholder partners be optimised for a collective paradigm for higher levels of financial inclusion and market integration of emerging farmers?

Literature suggests that this could be achieved through optimising the factors mentioned above. Trust must be earned from the beginning and be reinforced throughout the partnership (Vayaliparampil et al, 2021) and Schouten (2018) suggested that organisations must build internal capacities to engage effectively if the structure is inhibitive. Brouwer et al, (2019) insisted on changing culture (formal and informal norms and values) into a culture of engagement. Foley et al. (2016) suggested that withholding information, expertise biases, meeting setting and exclusivity in decision making are manifestations of power asymmetry and should be avoided.

Banerjee et al, (2020) suggested that institutions of government and legislative framework must create an environment where MSPs could thrive. To manage risk, participative, transparent, and flexible processes are a requirement (Gerkenmeier & Ratter, 2017), Atouba and Shumate (2019) believe that partner selection is important to the effectiveness of MSPs. Kirk et al, (2008) suggested that an MSP requires effective communication for monitoring and evaluation while Vervynckt and Romero (2017) suggest that a definition of clear roles and responsibilities of partners can reduce associated transaction costs.

RQ4: How can the multi-stakeholder partnerships be implemented and managed to ensure increased levels of financial inclusion of emerging farmers and comfort of stakeholders?

The study outlined the role players involved in the efforts of integration of emerging farmers to the market and each had a role to play. They included farmers, organised agriculture, agribusinesses, the industry, commercial banks, development finance institutions and the government. These role players however also brought complexity, multi-facetness and competing interests (Sherstha et al, 2019), therefore, the implementations require a lead actor for effective co-ordination. The study suggests the Principal-Agent Theory which Kirk et al, (2008) provided set out some guidelines

in the implementation of the principal-agent approach to improve accountability and address delegation issues in partnerships.

6.2.3. Research Objectives

To achieve the above-mentioned primary objective, the following secondary research objectives were pursued:

SRO 1: To conduct an extensive literature review on key factors that affected the development of a collective paradigm for higher levels of financial inclusion and market integration of emerging farmers.

This was achieved as the literature that was reviewed proposed the factors that affected the optimum engagement of multi-stakeholder partnerships for increased levels of financial inclusion and market integration.

SRO 2: To develop a conceptual framework that will guide the strategic conversations between multiple stakeholders involved in agricultural financing to higher levels of financing inclusion and market integration of emerging farmers.

This was achieved in Chapter 3 where the factors were entered in a theoretical framework, operationalised for the purpose of the research, and used to develop the measuring instrument.

SRO 3: To construct a detailed questionnaire to be used as a measuring instrument, to collect primary data to measure the hypothesised relationships between the dependent and independent variables included in the conceptual framework.

This was achieved as seen in Appendix B where a detailed questionnaire was developed to solicit responses from the respondents regarding the variables to be tested.

SRO 4: To utilize a snowball sampling method for collection of primary data from 200 respondents who are farmers or working for the role players involved in the development and financing of emerging farmers in South Africa.

This was partially achieved as the snowball sampling method was used by sending the questionnaire to potential respondents known to the researcher and who were then asked to forward it to their colleagues. However, the sampling method could only achieve 60 usable responses for statistical analysis.

SRO 5: To run the data through a statistical software to empirically test the proposed theoretical framework.

This was achieved by running the data through STATISTICA which is a statistical software test for validity and reliability of the instrument. Furthermore, to test the relationships that existed between the variables and to produce descriptive statistics.

SRO 6: To present, discuss, and interpret the results and make meaningful recommendations based on the statistical analysis of the results.

This was also achieved in Chapter 6 where research findings were discussed, and meaningful recommendations were made based on the empirical results of the study.

6.3. RESEACH FINDINGS

6.3.1. Research finding: Perceived Increased Levels

For this research, increased levels of market integration were defined as perceived higher levels of market participation by emerging farmers which was a direct result of increased levels of access to finance. Table 5.6 shows that the current levels of market participation by emerging farmers were not acceptable levels for their sustainability, as agreed with by 72% of the respondents. To increase the levels of market participation, alternative inclusive models for the financing of emerging farmers need to be designed.

According to literature, financial constraints are more prevalent in the agricultural sector than in any other sector in general (Koning et al, 2013) even more so for emerging farmers because they face unique challenges of lack of security. Hence 100% of the respondents concurred that access to finance (financial inclusion) by emerging farmers and partnerships could lead to improvement of other challenges

which characterised emerging farmers today. Therefore, this reinforces Oberholser's (2014) view as discussed in the literature that the current financing methods needs to be challenged and changed so that financing models include emerging farmers.

6.3.2. Research finding: Optimum Engagement

In this research, optimum financing stakeholder engagement refers to the degree to which the strategic conversations between multiple stakeholders resulted in a development of collective paradigms for increased levels of financing of emerging farmers. There are a number of stakeholders involved in the development of emerging farmers but there is no financing model suited for these farmers and this is attributed to the lack of optimum engagement by these stakeholders. Table 5.7 shows that 82% of the respondents disagreed that multi-stakeholders involved in the financing of emerging farmers were engaging optimally.

Additionally, 98% of positive responses suggest that more strategic partnerships between agribusinesses and farmers intended to reduce credit risks would be implemented. These findings were supported by the literature review where Hermans et al, (2017) concurred that agricultural development impacts could be better achieved through the use of optimally engaged multi-stakeholder partnerships as vehicles to engage different stakeholders to solve shared problems. The simple linear regression suggested that optimum engagement of stakeholders and perceived increased levels of market participation had a positive relationship and explained 49% of the variation in and perceived increased levels of market participation ($R^2=0.487$).

6.3.3. Research finding: Organisational Structure

For this study, organisational structure refers to the extent to which the structure of an organisation allows it to respond flexibly to the changes that are required to enhance the financial inclusion of emerging farmers. Table 5.9 indicates that respondents (80%) found organisational structure to be one of the factors that inhibited organisations from engaging optimally. This was supported by Kil (2015) citing Marquardt (1996) who

argued that the rigidity of boundaries, organisation's size, lack of connection and bureaucratic restrictions could inhibit an organisation from optimum collaboration in an MSP.

Nonetheless, organisational structure had no significant relationship with optimum engagement ($p>0.05$) which suggests that though respondents felt that the structure of an organisation inhibited it from engaging optimally, it was not the case. This is in line with the literature that proposed that organisational structure should not be an inhibiting factor, instead an organisation must possess and develop certain capabilities to enhance their collaboration in an MSP (Dentoni et al., 2018). Therefore, organisations could still engage optimally regardless of their structure but needed to develop enabling capabilities.

6.3.4. Research finding: Power Asymmetry

For this research, power asymmetry refers to the power differences that exist between dominant partners (commercial banks) and smaller partners (agribusinesses) and the influence they have on the financial inclusion of emerging farmers. From Table 5.11, the results show that differences in power organisations did affect the discussions. For example, 95% of the respondents felt in a round table discussion that for an inclusive financial model for emerging farmers, banks would still want to dictate how that would be structured, and managed. This is in line with the literature where Foley et al., (2016) highlighted that behaviours shown by powerful stakeholders such as information withholding, expertise biases, meeting setting and exclusivity in decision making were typical manifestations of power asymmetry.

From the correlation analysis results shown in Table 5.19, there is a weak correlation between power asymmetry and optimum engagement ($r=0.264$). However, the multiple regression analysis showed that there was no relationship between power asymmetry and optimum engagement ($p>0.05$) as indicated in Table 5.21. This can be supported from the literature that power asymmetry need not to be inhibitive, instead, as Brouwer et al, (2019) suggested, power can be used to bring about much needed change.

6.3.5. Research finding: Risk Management

For this research, risk management refers to the degree to which agribusiness's expertise can be leverage by the commercial banks to ultimately reduce financing risks and increase the level of emerging farmer financing. From Table 5.13 above, respondent's positive responses suggest that agribusiness could reduce production risks (88%), marketing risks (93%), and price risks (83%) and reduce adverse selection (88%) and enhance the overall credit risk management.

Table 5.19 shows that correlation analysis suggested that there was a weak but significant relationship between risk management and optimum engagement ($r=0.298$). There was also a weak positive correlation between risk management and perceived increased levels ($r=0.255$). The multiple regression analysis confirmed that there was a positive significant relationship between risk management and optimum engagement ($r=0.345$, $p<0.05$). These findings are supported by the literature whereby Gerkenmeier and Ratter (2017) suggested that for risk management MSPs required participative, transparent, and flexible process and then Integrative Risk Management could be implemented.

6.3.6. Research finding: Transaction Costs

For this research, transaction costs refer to the costs of setting up contracts and enforcing them, costs associated with managing the debtor's books, and costs associated with the provision of technical expertise. Transaction costs are one variable where respondent's responses showed greater variations as shown in Table 5.17. Only 53% of the respondents agreed that transaction costs on setting and running an MSP were inhibitive. On the other hand, 45% of the responses were indecisive whether banks were willing to compensate agribusiness partners who might be implementing agents for their administrative costs. While only 43% agreed that agribusinesses themselves were willing to share the costs of putting up an MSP intended for financial inclusion of emerging farmers.

These findings were supported by the literature that these costs could be considerably reduced if clear roles were defined and responsibilities of partners were assigned and proper mechanisms for effective use of resources were put in place (Vervynckt & Romero, 2017). Hence, they need not be so prohibitively high that multi-stakeholder partnerships did not engage optimally to find financial inclusive solutions for market integration of emerging farmers.

6.3.7. Hypothesis

The test of validity and reliability resulted in six independent variables being deleted and therefore not considered for further statistical analysis. Table 6.1 below provides the revised hypotheses for the variables that were subjected to further statistical analysis.

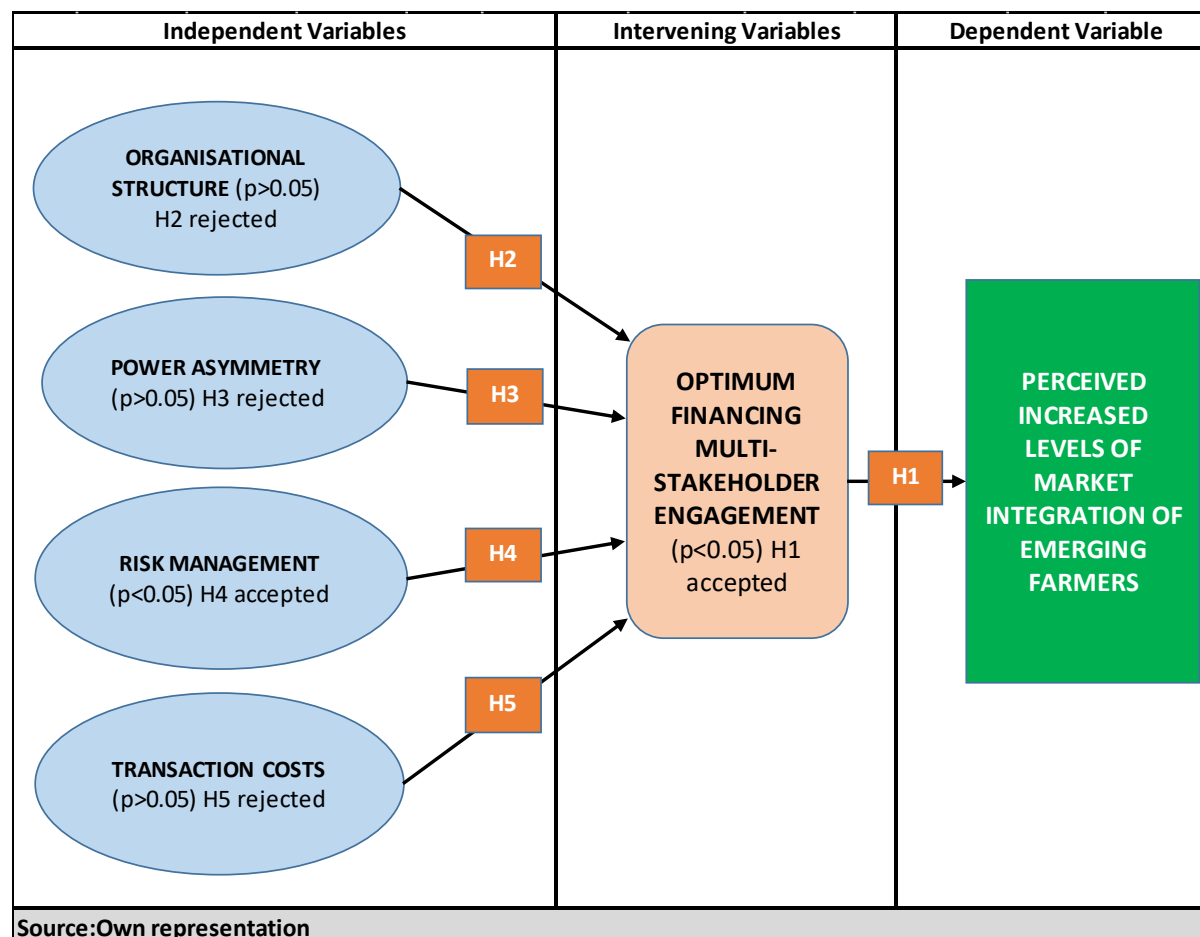
Table 6.1: Summary of the hypothesis tested in the revised model

Hypotheses		Decisions
H₁	There is a positive relationship between optimum financing for multi-stakeholder engagement and perceived increased levels of market integration of emerging farmers.	Accepted ($r=0.698$; $p<0.05$)
H₂	There is a positive relationship between organisational structure and optimum financing multi-stakeholder engagement.	Rejected ($r=-0.011$, $p>0.05$)
H₃	There is a positive relationship power asymmetry and optimum financing multi-stakeholder engagement.	Rejected ($r=0.237$, $p>0.05$).
H₄	There is no relationship between risk management and optimum financing multi-stakeholder engagement.	Accepted ($r=0.345$, $p<0.05$).
H₅	There is a positive relationship between transaction costs and optimum financing multi-stakeholder engagement.	Rejected ($r=-0.184$, $p>0.05$).

Source: Author's own construction from statistical analysis

6.3.8. Proposed framework to increase levels of market integration of emerging farmers

Figure 6.1: Revised theoretical framework



Source: Own construction

6.5. LIMITATIONS OF THE RESEARCH

The study attempted to contribute to the body of knowledge regarding the financing of emerging farmers for increased market participation through optimum multi-stakeholder partnership engagement. Nonetheless, there were limitations that arose that should be taken into consideration when drawing conclusions. Through an intensive literature review, a number of important variables that could be included in the model emerged and for instrument validity and reliability, a large sample size was required. Unfortunately, a sample size of only 60 respondents was achieved which

was far less than the minimum of at least 175 respondents needed for better variation in the data for improved validity and reliability. This resulted in variables being excluded for further statistical analysis even through descriptive statistics and the literature review strongly suggested significant factors in optimum multi-stakeholder engagements.

Furthermore, the generalisation of the findings were limited by the disproportionate participation from different role players, in particular, commercial banks, industry and organised agriculture. These insights would have given a better understanding with regard to factors such as *trust* and *organisational culture*. Even through the sampling technique was ideal to build such sample size, the time given between distribution and follow-ups would need to be given more attention.

6.6. RECOMMENDATIONS FOR FUTURE RESEARCH

Access to the correct structured finance for emerging farmers and strategic partners who are involved in efforts to make emerging farmers successful is still a business problem. Multi-stakeholder partnerships appear to be the ideal approach because the problem is complex and requires co-ordinated efforts. Although statistically insignificant, relationships that are supported by strong literature such as the relationships between *optimum engagement* and *trust*, *organisational culture*, *communication*, *legislation*, *monitoring*, and *partner selection* need to be further researched. Therefore, further research should be replicated on a larger sample size which would also include international development funding institutions.

Risk management as a factor that had a statistically significant and positive relationship with *optimum engagement* needs to be further discussed. This would provide insights as to how risk mitigating models could be implemented that would reduce the risk for financiers to consider unorthodox funding models for emerging farmers.

6.7. CONCLUDING REMARKS

Secondary research objective six (SRO6) was addressed in this chapter. Over and above climate change, pests and diseases, and inelasticity of demand for products, emerging farmers face unique challenges that remain unresolved. Access to finance is a fundamental challenge not only faced by emerging farmers due to lack of collateral, but also stakeholders that want to partner with emerging farmers to make them successful. Despite these challenges, there are the efforts of partnerships and pockets of excellence throughout the country which, due to lack of proper structured finance, cannot be replicated fast enough. Financial institutions that possess the cash flows and the balance sheets needed to replicate these partnerships are moving slow and are still caught up in conventional models of lending.

Land redistribution is inevitable, but it needs to be matched with exponential gains in access to technology, skills transfer and development and access to markets. This is a complex problem, and it requires complex solutions and therefore multi-stakeholder partnerships are an ideal approach. However, multi-stakeholders must engage optimally for sustainable solutions. The study has found that the 49% of the variations in perceived increased levels of market integration are explained by optimum multi-stakeholder engagement and 51% by other factors. This is a significant proportion to justify funding efforts to enhance optimum engagement for increased levels of market integration by emerging farmers.

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APPENDIX A: ETHICS CLEARANCE APPROVAL



PO Box 77000, Nelson Mandela University, Port Elizabeth, 6051, South Africa mandela.ac.za

Chairperson: Faculty Research Ethics Committee (Human)
Tel: +27 (0)41 504 2906

Ref: [H20-BES-BES-105] / Approval]

15 July 2020

Prof C Arnolds
Department: Graduate School

Dear Prof Arnolds,

TITLE OF STUDY: SKIN IN THE GAME: A STRATEGIC PARTNERSHIP MODEL FOR SUCCESSFUL AND SUSTAINABLE AGRICULTURE PARTNERSHIP IN THE EASTERN CAPE (MBA)

PRP: Prof C Arnolds
PI: T Magida

Your above-entitled application served at the *Faculty Ethics Committee of the Faculty of Business and Economic Science*, (12 June 2020) for approval. The study is classified as a negligible/low risk study. The ethics clearance reference number is H20-BES-BUS-105 and approval is subject to the following conditions:

1. The immediate completion and return of the attached acknowledgement to Lindie@mandela.ac.za, the date of receipt of such returned acknowledgement determining the final date of approval for the study where after data collection may commence.
2. Approval for data collection is for 1 calendar year from date of receipt of above mentioned acknowledgement.
3. The submission of an annual progress report by the PRP on the data collection activities of the study (form RECH-004 to be made available shortly on Research Ethics Committee (Human) portal) by 15 December this year for studies approved/extended in the period October of the previous year up to and including September of this year, or 15 December next year for studies approved/extended after September this year.
4. In the event of a requirement to extend the period of data collection (i.e. for a period in excess of 1 calendar year from date of approval), completion of an extension request is required (form RECH-005 to be made available shortly on Research Ethics Committee (Human) portal).
5. In the event of any changes made to the study (excluding extension of the study), completion of an amendments form is required (form RECH-006 to be made available shortly on Research Ethics Committee (Human) portal).
6. Immediate submission (and possible discontinuation of the study in the case of serious events) of the relevant report to RECH (form RECH-007 to be made available shortly on Research Ethics Committee (Human) portal) in the event of any unanticipated problems, serious incidents or adverse events observed during the course of the study.
7. Immediate submission of a Study Termination Report to RECH (form RECH-008 to be made available shortly on Research Ethics Committee (Human) portal) upon unexpected closure/termination of study.
8. Immediate submission of a Study Exception Report of RECH (form RECH-009 to be made available shortly on Research Ethics Committee (Human) portal) in the event of any study deviations, violations and/or exceptions.
9. Acknowledgement that the study could be subjected to passive and/or active monitoring without prior notice at the discretion of Research Ethics Committee (Human).

Please quote the ethics clearance reference number in all correspondence and enquiries related to the study. For speedy processing of email queries (to be directed to Lindie@mandela.ac.za), it is recommended that the ethics clearance reference number together with an indication of the query appear in the subject line of the email.

We wish you well with the study.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Mago'.

Prof S Mago

Cc: Department of Research Capacity Development
Faculty Research Co-ordinator: Lindie van Rensburg

APPENDIX B: QUESTIONNAIRE

The Development of a Strategic Partnership Framework to Facilitate Increased Financial Inclusion of Emerging Farmers.

Instructions

Dear Participant.

Thank you for agreeing to participate in this research study. The study intends to develop a framework for increased finance of emerging partners through optimum engagement of involved multi-stakeholders. Please answer all the questions on the questionnaire to ensure the success and accuracy of this study.

Please observe the following short instructions:

- Please **mark with an “X” only in one** of the scales provided.
- The scale provides the extent to which you agree with each statement. The statements rank from (1) Strongly disagree, (2) Disagree, (3) Neutral, (4) Agree and (5) Strongly Agree.

A. DEMOGRAPHIC INFO

Employer	Commercial Bank	
	Land Bank	
	Agribusiness	
	Farmer	
	Government	
	Industry (i.e. CGA)	

Work Level	Executive Manager	
	Manager	
	Agri. Specialist	
	Agric. Economist	
	Farmer	

Gender	Male	
	Female	

Age Group	18-34	
	35-44	
	45-54	
	55-64	
	>65	












B. FINANCIAL INCLUSION

Statements relating to the development of a strategic partnership framework for increased financial inclusion of emerging farmers.	Extent of Agreement				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Current levels of formal market participation by emerging farmers are at an acceptable level for their sustainability.	1	2	3	4	5
Engagement between stakeholders involved in the financing of emerging farmers is currently at an optimum level.	1	2	3	4	5
Trust between stakeholders involved in agricultural financing is important for increased levels of financial inclusion of emerging farmers.	1	2	3	4	5
Current commercial banks operating structures is flexible enough to allow the necessary changes needed for increased levels of financing inclusion	1	2	3	4	5
Current commercial banks operating structures are flexible enough to allow the necessary changes needed for increased levels of financing inclusion	1	2	3	4	5
Currently, negative perceptions regarding the perceived riskiness of financing emerging farmers do exist	1	2	3	4	5
Differences in the power organisations have, have an impact on decision making and implementation.	1	2	3	4	5
Sharing of personal information is important for the financial inclusion of emerging farmers.	1	2	3	4	5
Agribusinesses can enhance credit risk management for the banks through assisting with effective production risk management.	1	2	3	4	5
Track records of the agribusinesses are important in the selection process by the principal.	1	2	3	4	5
Current levels of communication between key stakeholders involved in the financing of emerging farmers are effective.	1	2	3	4	5
Accounting systems such as monthly management statements and audited financial statements are important tools for monitoring financing risk.	1	2	3	4	5
The costs associated with the establishment and operating of multi-stakeholder partnerships in agricultural financing is prohibitively high.	1	2	3	4	5
Increased levels of financial inclusion/access to credit will allow emerging farmers to access technology, skills development, and improved levels of production.	1	2	3	4	5
Strategic conversation between banks, agribusinesses, government, and farmers can result in increased levels of financial inclusion of emerging farmers.	1	2	3	4	5

Commercial banks in South Africa trust agribusinesses to fulfil certain functions on the behalf.	1	2	3	4	5
Emerging farmers find it easy to interact with agribusinesses for their financing needs.	1	2	3	4	5
The current commercial banks culture is conducive for discussions on innovative ways for financial inclusion of emerging farmers.	1	2	3	4	5
Commercial bank dominance has a direct influence on their decision-making process when engaging with other strategic partners.	1	2	3	4	5
Current legislation makes it easy for banks enter into collaborations where personal information sharing is required.	1	2	3	4	5
Agribusinesses can enhance credit risk management for the banks through assisting with effective market risk management.	1	2	3	4	5
Agribusinesses are in a better position to select the right emerging farmers to be financed.	1	2	3	4	5
ICT applications can effectively be used to improve communication.	1	2	3	4	5
Regular reporting on the performance of the debtor's book by the agent to the principal, is key to optimum stakeholder engagement.	1	2	3	4	5
Banks are willing to compensate agribusinesses for administrative work done on their behalf.	1	2	3	4	5
Optimum engagement of stakeholders involved in the financing of emerging farmers can result in increased levels of market integration.	1	2	3	4	5
Increased levels of financial inclusion/access to credit will allow emerging farmers to participate more effectively in the market.	1	2	3	4	5
Emerging farmers find comfort in their financial relationship with the banks and agribusinesses.	1	2	3	4	5
Emerging farmers find it easy to interact with commercial banks for their financing needs.	1	2	3	4	5
The current agribusinesses culture is conducive for discussions on innovative ways for financial inclusion of emerging farmers.	1	2	3	4	5
Agribusinesses have no power to influence how financing is done to enhance financial inclusion.	1	2	3	4	5
Current legislation within the SA financial services sector is sufficient to facilitate increased levels of financial inclusion of merging farmers.	1	2	3	4	5
Agribusinesses can enhance credit risk management for the banks through assisting with effective price risk management.	1	2	3	4	5
Agribusinesses are willing to share the associated financing risks with the commercial banks.	1	2	3	4	5
Effective communication can improve the trust deficit and build comfort between stakeholders involved in the financing of emerging farmers.	1	2	3	4	5
Proper implementation of accountability tools can enhance the financial inclusion of emerging farmers.	1	2	3	4	5
Agribusinesses are willing to share the costs associated with establishing and operating a partnership for financial inclusion of emerging farmers.	1	2	3	4	5
The support levels by agribusinesses and financial institutions to the emerging farmers can result to increased levels of market participation.	1	2	3	4	5

Access to finance will allow the development of more strategic partnerships between agribusinesses and emerging farmers.	1	2	3	4	5
Trust can be created and reinforced between the lenders and the emerging farmers through regular interaction.	1	2	3	4	5
The structure of the organisations involved in agricultural finance has no impact on finance inclusion of emerging farmers.	1	2	3	4	5
Norms and values play a significant role in an organisation's ability to finance.	1	2	3	4	5
In a financial inclusion model, banks would want to dictate the terms of how the funding is structured and managed.	1	2	3	4	5
Current legislation effectively protects vulnerable emerging farmers from lenders.	1	2	3	4	5
Agribusinesses possess expertise that can help banks and farmers manage their risk better.	1	2	3	4	5
Commercial banks find comfort in the ability of agribusiness to mitigate financing risk with regard to emerging farmers.	1	2	3	4	5
Effective communication is necessary for the monitoring of performance by stakeholders involved in the financing of emerging farmers.	1	2	3	4	5
Regular reporting on production performance of emerging farmers by the agent to the principal, is key to optimum stakeholder engagement.	1	2	3	4	5
Farmers are willing to pay for some costs (except interest) involved in obtaining finance.	1	2	3	4	5
A collaborative culture can enhance the finance inclusion of emerging farmers.	1	2	3	4	5

APPENDIX C: TURNITIN REPORT

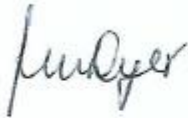
Part 1				
Title	Start Date	Due Date	Post Date	Marks Available
MBA Treatise Submission - Part 1	2 Jan 2021 - 13:12	31 Dec 2022 - 13:12	1 Dec 2022 - 13:12	100
 Refresh Submissions				
 Submission Title	 Turnitin Paper ID	 Submitted	 Similarity	 Grade
 View Digital Receipt <u>MBA TREATISE</u>	1717656530	1/12/21, 21:36	15% 	N/A   

APPENDIX D: LANGUAGE EDITOR LETTER

22 The Highlands
Barney Road
Broadwood
PORT ELIZABETH
6 December 2021

To whom it may concern:

I confirm that I have language edited and proofread Phiwokuhle Thulani Magida's Treatise: *The Development of a Strategic Partnership Framework to Facilitate Increased Financial Inclusion of Emerging Farmers in South Africa* and have made changes, corrections, suggestions, and comments for her attention.



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