



Entry Barriers for you agricultural entrepreneurs

- What are they and how can they be overcome?
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Abstract

Young farmers are struggling to get into the agricultural sector due to various different challenges such as the large number of older farmers that are unwilling to give up their businesses to the younger generation, investment challenges, changing weather conditions as well as other risks threatening agricultural businesses. However, the interest to become a farmer is significant among young people and there are many that wish to start there on business. To reach success as a farmer in today's society it is of the utmost importance not only to be an adequate farmer, but also to be a successful entrepreneur. The entrepreneurial characteristics needed are often more observed by young people compared to older which makes the prerequisites for the younger generation to succeed after entering the sector very bright.

This study aims to gain deeper knowledge of how young farmers tackle barriers when entering the agricultural sector in times of changing external factors. More specifically the authors would like to identify how young entrepreneurs in the agricultural sector strategize and manage their operations and resources to overcome the financial barriers and challenges connected with managing an own agricultural business. To reach the study's aim a case study based on interviews with eight young farmers has been conducted. The questions in the interview were intended to get a deeper understanding of how young farmers in Sweden have strategized to overcome the identified barriers to entry as well as how they have handled potential risks and challenges treating their farm businesses. The collected empirical data has been transcribed and analysed to find themes and keywords which helped the authors to gain a deeper understanding making it possible to connect the data with the existing research on the subject. The result of the study lead to conclusions regarding how the young farmers had overcome the existing barriers. The respondents ability to act entrepreneurial was clear and their ability to use their resources and be diversified has helped them in their development of their businesses. It was also concluded that the financial challenges with the bank was the bigger barrier to overcome, but they had all managed to overcome these challenges with strategies and risk reversion. The study has contributed to research regarding entrepreneurship in the agricultural sector as well as a deeper understanding of the many barriers that young farmers face today and how they can be overcome by using the right tools and strategies. In addition the study has shown how important social capital is and that the ability to network by young farmers is a great strength.

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Introduction

The introductory chapter of the study aims to provide an introduction to the area of research. Initially, a background to the topic is provided, followed by a description of the problems addressed by the study. Followed by a presentation of the purpose of the study, its research questions and the limitations of the study.

1.1 Background

The problem of ageing farmers and generational change in agriculture is a reality throughout the European Union (LRFU, 2023; Šimpachová & Šimpach, 2020). In 2022 every third farmer in Sweden was aged 65 or older and at the same time every sixth agricultural entrepreneur was under 45 years of age (Jordbruksverket, 2022). Although the number of farms in Sweden is generally declining, an increasing interest among the younger generation to take over farms and become part of the sector has been identified (LRFU 2023). The entry of young farmers is crucial for the survival of agriculture, yet the number of farms has dropped by 40% since 1990, resulting in only 58,218 holdings in 2022 (Jordbruksverket, 2022; LRF 2022). Furthermore, the most common way to enter the agricultural sector is through family succession and in 2020 the vast majority of EU agriculture continues to be family farms as it amounted to 94,8% (European Commission 2022). Nevertheless there is a growing interest for people with non-agricultural backgrounds to enter the sector and establish their own farm business (Zollet & Keshav 2021). The decline of young farmers together with challenges by the dynamic change, has led to a decrease in Sweden's self-sufficiency rate from 75% to 50% over the last 30 years (LRF 2022). These figures are worrying and are contributing to the fact that more and more people are choosing to close down their farms instead of trying new ways to keep their businesses alive (LRFU 2023).

According to Robb & Robinson (2014) new businesses in most sectors are faced with a number of financial challenges, especially in sectors with a high level of indebtedness. The capital market is a big factor and affects new businesses in their ability to grow and survive. In the first years of business it is up to the businesses to make decisions regarding how they will handle their capital structure which lays the conditions for the future.

There is a strong need for bank loans to maintain liquidity, even though this increases the firm's indebtedness and requires the firm to be used as security for the loans. However, being approved for a loan is sometimes difficult, especially with a low degree of security as back-up. Due to the fact that startup businesses are so dependent on the initial loans from the banks they are also very sensitive to changes in the terms set by the banks for loaning out money. For new entrants, the choice is between financing their activities through their owners' own contributions or building up their own capital by taking loans. This choice affects how much equity they can create, as the borrowed money needs to be repaid, which can limit the possibilities of investing the owners' money directly in the company (ibid)

During the years, agriculture in Sweden has gone from being very product oriented to now being more market oriented, which has led to a bigger pressure and qualifications for Swedish farmers (Pindado & Sánchez 2017). It is not only important to be a good farmer able to produce, it is also important to be a good business person, to act entrepreneurial (ibid). This includes identifying opportunities for development, following trends on the market as well as being able to build a social network (de Lauwere 2005). Despite the need to be entrepreneurial and open minded to change there are so many traditions embedded in the sector it might be easier said than done to move away from the traditional patterns (Hunter et al. 2022)

The ageing of farmers is as stated previously not only a problem in Sweden, but the whole European Union (Zagata & Sutherland 2015). Despite these obstacles facing European farmers there is help to get from the European Union through the common agricultural policy (CAP) (European Commission 2024). According to the reform

CAP 2023-27 “EU countries must dedicate an amount corresponding to at least 3% of their direct payments budget to support young farmers¹” (ibid). This support is given as direct payments to young farmers and can be given as start-up support, investment- or income support. Swedish farmers, both young and old can apply through an application called SAM where you can receive financial support for husbandry, under ditching and constructed wetlands to name a few possibilities (Jordbruksverket, 2024: A). A young farmer who has started an agricultural business can within five years from the start also be granted with “Complementary income support for young farmers” (CISYF). This is part of the direct payments and is an additional aid that is set to support young farmers and is paid out as an annual support based on the number of eligible hectares (European Commission 2024). The support is also only paid out for a maximum of 200 hectares. The amount of money that can be received will in year 2024 be between 85 and 157 euros per hectare of which you are receiving the ordinary farm support for (Jordbruksverket, 2024: B). You are eligible for this support for five continuous years. In addition young farmers in Sweden can also apply for start-up support to help you to get your business started, this is a one time payment containing a larger sum. This support has to be applied for within 2 years of starting your business (European Commission 2024).

1.2 Problem statement

In this chapter the empirical- and theoretical problem will be presented. The problem statement will help the reader to understand the relevance of this study as well as why the chosen topic is interesting to investigate.

1.2.1 Empirical problem

¹ The definition of a young farmer according to EU regulations is that a young farmer cannot be older than 35-40 years old, must be the head of the holding in which they operate and have the appropriate skills and knowledge to operate the holding. In addition to these EU definitions each country has their own responsibility to define them more and make their own specifications (EUR-Lex, 2021)

The barriers to enter the agricultural sector are high, especially for young people and particularly for those who do not have a farm within the family (Harwood et al. 1999). The agricultural sector is capital intensive and often requires a higher ability to invest in comparison to other sectors. The high level of indebtedness in agriculture is strongly linked to financial problems and risk on many farms. Leverage is a critical factor for financial stability in all types of businesses, including agriculture (Barry et al. 2000). Therefore in general, farmers with high levels of indebtedness face greater financial risk than people in other sectors generally connected to lower grades of indebtedness (Harwood et al. 1999). Furthermore, policy measures such as more favourable credit conditions and stabilisation of commodity prices are often introduced in order to reduce financial risk and thus increase farmers' income (Ahearn et al. 2005). Ironically, it has been shown that these measures can sometimes contribute to the resident effect and lead farmers to take greater risks by increasing their indebtedness. This situation can be explained by the fact that favourable credit conditions make it easier for farmers to borrow money, which may encourage them to make larger investments without necessarily ensuring their long-term financial stability (ibid).

The dynamic state in the world of economic factors, such as rising interest rates and inflation, have a direct impact on the agricultural sector (Global AgInvesting 2022). Rising production costs, especially for fuel and fertiliser, affect the financial viability of farmers. This is particularly relevant for young farmers who often face high capital investment costs when entering the agricultural sector. Moreover, rising interest rates have a direct impact on agricultural loans and credit conditions, which in turn can affect the ability of young farmers to raise capital to invest in their businesses. The dynamic state makes it hard for the entrepreneurs to analyse the environment in order to strategize.

Today's conditions push farmers to focus more on the market situation as well as to act entrepreneurial (Pindado & Sánchez 2017). This is something that the latest CAP reform has been working towards and the reform is set out to help young European farmers and their capabilities to succeed in today's and future conditions (Zagata & Sutherland 2015). The agricultural enterprises in Europe are generally

small family businesses which do not have management and control divided leading to strong relational factors embedded in the businesses. Agricultural businesses are always struggling with survival due to factors such as unpredictable biological processes, structural changes as well as a regulatory environment. All these conditions make the agricultural sector and industry very interesting and unique (Pindado & Sánchez, 2017).

Changes in climate, security or societal problems are all factors affecting the agricultural sector as well as farmers (Grusson. et al. 2021). These conditions are often unpredictable, which makes it easy to assume that the literature and research does not always correlate with the situation at hand. Given the challenge of forecasting financial volatility, farmers must adapt their strategies to accommodate unexpected events. Consequently, establishing long-term strategies that guarantee success in every situation becomes a complex task for the farmer.

1.2.2 Theoretical problem

Research has shown that farmers face various challenges and two crucial are market volatility and the expensive external inputs that agricultural companies have to face (European Parliament, 2024; Sheldon, 2017) This leads to an increase in competition in the sector and puts high pressure on today's farmers to depend on structural characteristics. The fact that entrepreneurship among farmers is such an important part for succeeding in the sector the need for extensive and informative research on the topic is essential. However, the research regarding entrepreneurship in agriculture is limited, although emerging, since the sector seems to have been somewhat overlooked in entrepreneurship research historically. This has led to a gap in the existing research making it hard to draw conclusions about how farmers can and are acting to become entrepreneurial (Hunter et.al. 2022), (Pindado & Sánchez 2017).

Previous studies in the area have investigated the possibilities for young farmers to establish themselves in the agricultural sector through changes of the outside

environment over time (Persson 2017). Another study has observed young farmers' attitudes, norms, and obstacles connected to the acquisition of agricultural properties. The research highlights the challenges young farmers face in today's economic climate (Esbjörnsson & Bertilsson 2020). Existing research and theories primarily provides valuable insights about the challenges and opportunities faced by young farmers, particularly in the context of generational changes and attitudes toward acquisition of agricultural property. However, the authors identified a gap in knowledge about how young farmers deal with entry barriers and how they use their resources to manage and reduce risks in their business, especially during times of volatile interest rates. It is concluded in the research that there are entry barriers that can be identified (Chandler 2022). Although the literature is lacking regarding more sufficient explanations regarding how new business entrants overcome these barriers and what the best strategies are to do so.

Since world crises are often unpredictable it is easy to assume that the literature and research does not always correlate with the situation at hand. This means that the research about strategies connected to the ongoing challenges in the sector might not always be relevant and up to date. Therefore the authors of this study have identified a gap in the research connected to strategy, entrepreneurship and risk management connected to the ongoing world situation.

1.3 Purpose and aim

The aim of this study is to gain deeper knowledge of how young farmers tackle barriers when entering the agricultural sector in times of changing external factors. More specifically the authors would like to identify how young entrepreneurs in the agricultural sector strategize and manage their operations and resources to overcome the financial barriers and challenges connected with managing an own agricultural business. Based on this aim of the study, the following research questions have been formulated.

1.4 Research questions

- How do young agricultural entrepreneurs strategize to overcome barriers to entry in an era of changing economy and world state?
 - What are the main barriers to entry perceived by young farmers?
 - How can young farmers use their resources to manage and reduce risks in their business?

1.5 Delimitations

The focus on this study is based on a Swedish context and will therefore only look at the topic from the perspective of Swedish farmers. Despite this the study will highlight European legislations and the ability for farmers included in the European union to gain from the instruments and help available in Europe through the CAP initiative and will focus on the current CAP reform (Jordbruksverket, 2024). To be able to reach a high level of quality, reliability and validity of this study, the authors have chosen a few delimitations for the chosen target group (Bryman & Bell 2017). There are different types of delimitations that can be used such as contextual-, population- and geographical delimitations (ibid). The delimitations in this study are based on both European and Swedish definitions and the regulations of the extent of this study. The definition of a young farmer is according to the European Union maximum 35-40 years old (EUR-lex) and the Swedish definition of a young farmer is maximum 40 years (Jordbruksverket, 2024). Therefore the age limit that will be used in this study will align with the Swedish regulations.

2. Theoretical Framework

The following chapter presents the study's theoretical framework and concepts based on Entrepreneurship Theory, Barriers to Entry, Strategic Management, Risk Management and Resource-based Theory. It concludes with a theoretical synthesis, through which the established theoretical framework is presented at the end of this chapter and will be used to analyse the empirical data.

2.1 Agriculture Entrepreneurship

As stated in the background, the market orientation in agriculture today makes it essential for farmers to act more entrepreneurial for succeeding with their businesses (Pindado & Sánchez 2017). Entrepreneurship in general connects to newness and for a business to develop in this direction the business leader needs to be open-minded and be able to act innovatively (Hunter et al. 2022).

According to Hunter et.al (2022) it is stated that entrepreneurship in agriculture connected to service and products seems to be less looked upon by researchers compared to other sectors. One reason mentioned as a plausible cause for this is the strong connections to traditions that are embedded in the agricultural sector and among farmers, making this sector unique. Despite the fact that it might be more difficult to act as an entrepreneur in the agricultural sector it is also important to mention the family embeddedness and strong relationships as well as entrepreneurship connects to higher performances (ibid).

It is shown in an article by Pindado & Sánchez (2017) that young people in the agricultural sector might be the solution and path to making the agricultural sector more entrepreneurial. Previous research has shown that the older and already established farmers might have a harder time to develop and grow making them less entrepreneurial oriented. In order to succeed as an entrepreneur it is important

to have the right networking skills and market knowledge which might be harder for the older generation (ibid).

In a review written by Fitz-Koch. et al. (2017) the main themes and key contextual aspects of the agricultural sector were analysed and it was concluded that entrepreneurship in the agricultural sector is connected to policies and exploiting changes in the strategic environment to gain business development. It was also concluded that entrepreneurship in agriculture might be the pure solution to survive financially (ibid) .

A report written about Dutch farmers by de Lauwere (2005) presented four different types of farmers based on their personal characteristics. It was also concluded how prone each group was to act entrepreneurial. The first group called *social farmers* describes a type of farmer with a high level of social orientation, they were also more successful compared to other groups connected to their ability to be open and innovative as well as being willing to discover new ways to gain profit in their business. Because of these characteristics the *social farmers* were described as fitting well into the descriptions of entrepreneurs. The second group identified were called *prudent farmers* based on their financial conservation characteristics and did not have the same urge for innovation as the first group. The third group called *traditional growers* were characterised by their willingness to grow. The fourth group identified called *new growers* were like the *social farmers* characterised by having a social orientation and in addition to this also a willingness to grow. This group was described as fitting into the traditional frame of entrepreneurship as they can be seen as innovative with a will to develop (de Lauwere 2005).

Something else that the *new growers* and *social farmers* had in common was their will to aim for the future which can help these groups to be more prone to follow trends in the new agricultural environment than other groups (de Lauwere 2005). Adapting to the more sustainable, environmentally friendly type of agriculture with more organic crops and less fossil fuels used on the farm is a great way to develop in line with the trends on the market and in society. Even though the *social farmers*

and the *new growers* are both prone to act entrepreneurial there are differences in their characteristics that may affect their strategies to develop since the willingness to grow among the *new growers* might make them more prone to develop their businesses and expand (ibid).

2.2 Barriers to entry

Entry barriers are defined by a variety of factors which occur at different levels, highlighting the complex nature of the phenomenon (Bain 1956). The American economist Joe S. Bain is one of many that have analysed the concept and presented the classic definition of barriers to entry as “factors that enable established firms to earn supra-competitive profits without threat of entry” (Nahata & Olson 1989). As a result, Bain defined various obstacles that can prevent new firms from effectively entering a market and competing with established actors. He stresses concepts such as economies of scale, product differentiation, cost advantages and capital requirements as examples of barriers to entry (Bain 1956).

In response to Bain's definition, the modern economist George J. Stigler developed another definition for barriers to entry, which states “costs that must be incurred by an entrant that were not incurred by established firms” (Nahata & Olson 1989). Stigler (1968) elaborates this economic thought further and detailing how the conceptual framework of perfect competition requires specific conditions. These include the existence of infinite buyers and sellers, the availability of perfect information and, among other critical factors, the elimination of all barriers to entry. Stigler (1968) also emphasised the presence of relative cost benefits for incumbents over potential new entrants. He addresses the practical and more financial barriers that can deter or prevent entrepreneurs from entering an industry. The main barriers to entry that are influencing the competitive landscape and the ability of new firms to challenge incumbents according to Stigler (1968) is *economies of scale* due to larger firms benefit from lower costs due to their scale of production. Another barrier to enter is *capital requirement* as market structure requires significant investments to compete in certain industries. Moreover, *regulations* can also act as a barrier to entry, by favouring established firms over new entrants. Lastly the

control of resources can also act as a barrier for new entrants when competing for market power and resources with established firms.

2.2.1 Barriers to entry in agriculture

Barriers to entry in the agricultural sector are distinct and different compared to other industries, as farmers face a wide range of unique barriers (Chandler 2022). Chandler (2022) stated in a report that the number of farms in America has significantly decreased since 1935, while the average farm size has increased, which is indicating a consolidation of land and resources. Similar results have also been shown in Sweden, where the number of agricultural enterprises continues to decrease (Jordbruksverket 2022).

Chandler (2022) claims that the result of the high entry barriers in the agricultural industry is that many farmers have been forced to leave the industry because of the way it has grown and changed. These changes have made it hard for new farmers to enter the sector and start-up their businesses. For new entrants a significant obstacle is securing the capital required for the initial investments including expenses associated with land acquisition, equipment, livestock and crops as well as the cost of other inputs. Another identified barrier is the farmers lack of experience, and inadequate knowledge necessary to run a farm business (Chandler 2022). In a report by Boehlje and Thomas (1979), the authors emphasised that agriculture has undergone major changes, where a transition from focus in labour to capital has taken place. In addition, farming is a very resource-intensive business as it often involves the need for managerial and agricultural knowledge and an effective integration of it. Essential farming and business skills is a preeminent resource for the farmer and the ability of the farmer to create and sustain competitive advantage is determined by how it's utilised (Chandler 2022; RBS 2017).

For new entrants it is hard to compete with established agricultural firms as the prices are often incomprehensibly high for new farmers to handle (Chandler 2022). This also includes obstacles such as challenges in market accesses, possibility of loan and competing in terms of pricing and distribution with large agribusinesses.

New entrants often lack the financial equity and experience to effectively manage these obstacles and the following risks (Boehlje & Thomas 1979). The financial risk and uncertainty in the agriculture sector is an entry barrier which is difficult to avoid and overcome, especially for young farmers (Chandler 2022). The most common source of financing for small business owners is bank loans, where the requirement from the bank is that the potential loaner is holding a significant security (Aggerfors et al. 1995). This means that companies or individuals borrow money from a bank and in return pay interest on the loans. However, it can be challenging for smaller companies and farm-owners to get access to bank loans, due to the fact that banks are often wary of financing companies that are new to the market. New entrants therefore face significant difficulties in gaining access to investment and land acquisition, due to restrictive financial requirements or do not meet the standards required by the banks (Boehlje & Thomas 1979). These barriers, along with the growing influence of multinational corporations and large-scale industrial farms, make it increasingly difficult for small farmers to compete, contributing to the decline of European farmers and affecting rural economies (RBS 2017).

2.2.2 Porter's theory to entry barriers

Markets can be analysed in terms of Porter's five forces – barriers to entry, threat of substitutes, buyer power, supplier power and rivalry. By considering Porter's five forces with complementors it is possible to determine the attractiveness of the market and outline potential approaches for strategic management. One element in Porter's five forces is "Barriers to entry", which can be seen as a subsequent perspective to Bain's (1956) definition of barriers of entry. Porter classifies obstacles and the factors that need to be overcome by new entrants if they are to compete in a market. The classification consists of six important entry barriers, which are *Economies of Scale and Experience of scale, Customer Switching Cost, Capital Requirements known as financial resources, Access to supply or distribution channels and other incumbency advantages, Legislation or governments action and Expected retaliation.*

2.3 Strategic management

A book written by Lynch (2018) describes the possibility of being able to overlook the environment around you and to understand it along with the resources found in the environment. The stakeholders connected to a business play a specifically important role and consist of all the actors from customers, suppliers, and buyers of the product. In addition, it is important to remember the internal resources that exist inside of the organisation. Identifying and analysing these factors will help the organisation to understand its direction. According to Lynch (2018) the best way to build a strong strategy in an organisation is to look at the resources and environment at hand, meaning that an analysis must take place before any actions are taken for the best possible outcome. As previously stated, the resources within a company are as important as the external environment and these in addition to organisational capabilities need to be assessed in matters of how these add value to the organisation. Depending on the level of turbulence in the external environment the possibility to foresee what might happen is decided (Lynch 2018).

Defining the resources and capabilities within an organisation is more difficult for many reasons, with one being the high level of uncertainty in the sector that makes the conditions and the actions of others difficult to understand (Eriksson-Zetterqvist et al. 2020). Despite the challenge it is important to do so to be able to identify where the profits are made for an organisation to be able to find where the value lies.

2.3.1 Resource-based Theory

The Resource-Based Theory (RBT) is a strategic management theory that focuses on how firms can gain a sustained competitive advantage through the strategic development and deployment of unique, valuable, and difficult-to-imitate resources and capabilities (Eriksson-Zetterqvist et al. 2020). This theory is contrasting with traditional market-based strategies. Resource-Based Theory was developed by Edith Penrose in the 1950s with her view of a firm as a broader set of resources (ibid).

The Resource-Based Theory (RBT) is seen as a response to the limitations of market-based views of competitive advantage for example outside-in perspective (Eriksson-Zetterqvist et al. 2020). Thus, the theory is emphasising the internal aspects of organisations as well as the main counterbalance to Porter’s market-based competitive forces framework. Therefore, the RBT shows an inside-out perspective by linking an organisation’s resources to its competitive advantage (Connor 2002). RBT assumes that the way in which a firm acquires, manages, and integrates resources within the organisational context will affect its strategic success and sustained competitive advantage (Eriksson-Zetterqvist et al. 2020). Accordingly, RBT provides a valuable framework for understanding how a firm’s unique resources and capabilities contribute to its competitive advantage. By focusing on internal factors, it can guide firms in identifying and leveraging their distinctive competencies (Grant 1991).

The building blocks of the theory are primarily resources, capabilities, and competitive advantages (see Figure 1). Grant (1991) stresses the description of resources as the source of a firm’s capabilities and further claims on capabilities as the main source of its competitive advantage. Strategic success therefore characterised by the maintenance of a competitive advantage over time, achieved through the effective utilisation of the organisation's resources and capabilities (Eriksson-Zetterqvist et al. 2020).



Figure 1. Model based on Grant (1991) framework for “The Resource-Based Theory Core Stream”.

The main claim in the theory is that organisations are heterogeneous and dependent on resources and control scarce resources (Eriksson-Zetterqvist et al., 2020). The attribute of firm-specific resources is that they are difficult to imitate and transfer to other organisations and are hard to copy for the competing firms (Barney & Clark, 2007). Moreover, resources which maintain rarity, value and inimitability

but also are unique can be a source of sustainable competitive advantage (Yang, Y. & Alison. K. 2011). The capability to achieve competitive advantage is often embedded in the organisation's structures, procedures, and practices (ibid).

A firm's capabilities are defined by its ability to use and exploit resources (Amit & Schoemaker 1993). Capabilities can be described as "information-based, tangible or intangible firm-specific processes that evolve through complex interactions among a firm's resources. Capabilities are the ways in which the resources and assets within an organisation are deployed. The scope is long-term, according to how good the organisation is to employ and deploy its resources in the form of capabilities.

Dynamic capabilities are fundamental for an organisation's ability to adapt and evolve in response to changing environments (Eriksson-Zetterqvist et al. 2020). This concept signifies the organisation's proficiency in renewing, redeveloping, and reconfiguring its resources and capabilities to align with dynamic market and environmental conditions. Dynamic capabilities are instrumental for firms in driving strategic change. Teece et al. (1997) argue that dynamic capabilities are more important to the firm than other resources as they create new forms of routines while other resources merely reproduce existing ones. The term dynamic refers to changing conditions that require a firm to modify its capabilities which was coined by Rumelt as "time, competition and change devalue them" (Rumelt, 1984, p. 557). Accordingly, dynamic capabilities are a key for organisations to maintain competitiveness as they make it possible to adapt to changing market conditions and technological innovation (Rumelt, 1984).

Competitive advantage comes from possessing and leveraging unique resources (Eriksson-Zetterqvist et al. 2020). According to Barney (1991) a company can only achieve competitive advantage when they implement a value-creating strategy, without facing the risk of current or potential competitors simultaneously implementing the strategy. The core of the competitive advantage is that the strategy is based on such resources that should be valuable, rare, inimitable, and non-substitutable (Hoskisson et al. 1999). Otherwise, the competitive advantage

does not fulfil the sustainable criterion. Thus, some resources and capabilities are more valuable than others and at the same time, the value may depend on the organisation's capability to exploit and utilise them to ensure sustainable competitive advantage (Wade & Hulland 2004). RBT emphasises a long-term strategic perspective and focuses on creating and maintaining sustainable competitive advantages through the effective use of internal resources (Eriksson-Zetterqvist et al. 2020).

2.4 Risk Theory

The term risk has become a general term in today's society and is very common in various aspects of life, such as personal health, societal issues, financial security such as investments, corporate interests covering areas such as governance, strategic planning and business continuity (Cienfuegos Spikin, I. 2013). Researchers have shown a shift in risk management within firms, as it has become an embedded and more important part of a firm's business activities and processes (Hopkin 2010, Mikes & Kaplan 2013). For firms to succeed, shape effectiveness and to gain competitive advantage, one key factor is a firm's risk management (Bertinetti, Cavezzali & Gardenal 2013). The increased impact of risk management depends on the social and economic changes that have occurred over the centuries and have had a major impact on societal change in general. In addition to the continually growing volatility of the economic landscape (Przetacznik 2022).

2.4.1 Risk in farming

Running an agricultural business is financially risky and the sources of risk in the sector are many and varied (Harwood, R., K., Perry, & Somwaru, 1999). Agriculture is exposed to unique risks connected to for example weather and personal risks, which are not as determining in other sectors. (Komarek et al. 2020). The person-related risk is the higher occurrence of mental health problems in agriculture compared to other sectors, which has a direct impact on farmers' operations (SLU 2023). Farmers need to be able to navigate in a constantly changing environment affected by for example price volatility, weather variation, diseases, and institutional factors. Farmers are facing risks which directly have an

impact on the economic outcomes and welfare, which over time, could hinder the ability for the farmer to invest and innovate, potentially diminishing their ability to enhance productivity.

The complexity of the agricultural sector contributes to a high degree of uncertainty in both physical and economic systems for farmers (Harwood, R., K., Perry, & Somwaru, 1999). This means that the processes and decisions that determine agricultural activities cannot be predicted with absolute certainty. Examples of this are future market prices and yield volumes, which are two uncertain and unpredictable factors that illustrate this problem. Hence, decision-making of farmers is therefore considered to be associated with a risk. It is of importance to understand risk in decision-making and evaluation of decisions to create competitive advantage (ibid). The significance of the specific risk category varies depending on the farmer's type of production (Miller et al. 2004). What may be a significant concern for one farmer could be irrelevant to another. The unique circumstances of each farm determine its specific risks that the farmer is facing.

For farmers, risk management is associated with finding a preferred combination of activities with uncertainty and varying levels of expected return (Aimin 2019). To find the preferred combination the individual needs to decide, which comes with either good or bad consequences. The consequences cannot be known with certainty until long after the decision or event occurs, which means that the outcomes can be better or worse than expected (Harwood, R., K., Perry, & Somwaru, 1999). In other words, a decision of investing means accepting that there is uncertainty about whether one will gain or lose returns based on future events, which cannot be predicted with absolute certainty (Copeland & Weston 1988).

Furthermore, it is of high importance to understand that different farmers acting in different landscapes face various challenges, which means that farmers need to make different types of decisions (Miller et al. 2004). Harwood et al. (1999) claims that farmers vary in their attitudes toward risk and at the same time have different ways to address risky situations. Therefore, risk management in the agricultural

landscape is complex to specify and cannot be viewed within a “one size fits all” approach (Harwood, R., K., Perry, & Somwaru, 1999).

2.5 Theoretical synthesis

The purpose of the theoretical synthesis is to provide the reader with an understanding of how the theories presented interconnects to provide a comprehensive picture of the chosen study. This synthesis aims to deepen the reader's understanding of the basis for the thesis analysis and discussion. The unique challenges connected to the agricultural sector make it essential for young and new entrants to be innovative, open minded and communicative for developing their business. The common thread of the theories is that they create an understanding of factors that plays a role when young farmers face and try to overcome barriers to become part of Swedish agriculture. For young new entrants with less experience, it is of the essence to be able to act entrepreneurially for a chance to enter the sector. Thus, the farmer needs to understand the external environment and how to make the best use of existing resources, which requires strategic approaches to overcome challenges. Integrated risk management strategies are crucial to reduce potential losses and improve decision-making in a dynamic environment.

The theories represent different fields of focus to encompass multiple perspectives, contributing to a broader analysis. To better understand how the theories are relevant for this study and how they can be connected to each the authors have chosen to revise a model by Lynch (2018) which describes the strategic process to business development. The process starts with the identification of barriers to develop or in this case to enter the agricultural sector. The different barriers are identified by an evaluation of internal and external resources for the business and risks threatening the business. By looking at these factors based on Porter's five forces, barriers to entry, threat of substitutes, buyer power, supplier power and rivalry it is possible to develop suitable strategies for the single farm business. The next step of the process will then be to implement these particular strategies that are

set to help develop the company as well as help young farmers with a successful entrance into the agricultural sector. After the entrance there is still work and strategies that will later help the business to develop. The entrepreneurial approach and mindset could help the farmers in the stages of strategizing, entrance into the sector as well as business development and therefore the authors identify entrepreneurship as fundamental for a successful entrance in the agricultural sector.

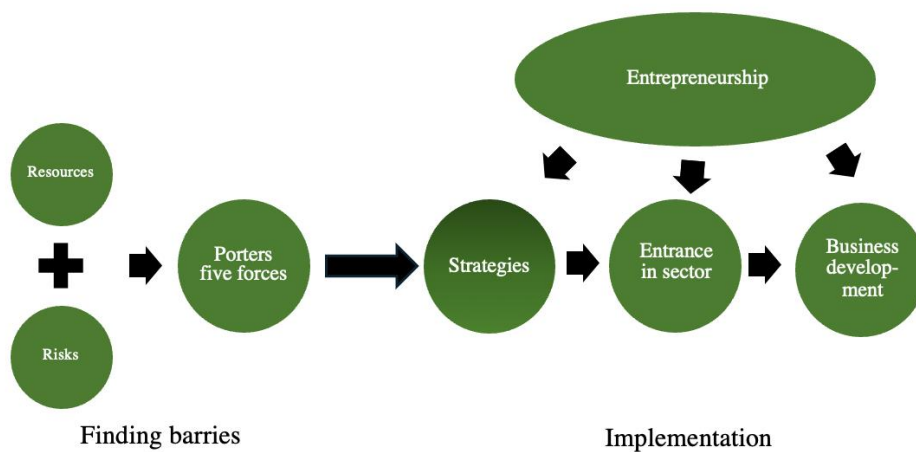


Figure 2. Model based on Lynch (2018) framework of the prescriptive strategic purpose.

3. Method

This chapter presents the methodology used in this study, the approach such as the choice of delimitation of research area and respondents. The research philosophy, research design and data collection methods will also be described thoroughly. The choice of method is to help the authors conduct the analysis and conclusion to provide an overall understanding of the study conducted and the chosen subject. The chapter ends with a chapter regarding critique for the chosen method.

3.1 Research Philosophy

Business studies are deeply influenced by philosophical assumptions (Tsoukas & Chia 2011). Philosophical assumptions can contribute to a deeper and more nuanced understanding of business phenomena within the broader societal context. Research is faced with philosophical choices and therefore takes an explicit or implicit position on the two concepts of philosophy of science: ontology and epistemology (Sallis, J. et al. 2021). Behind all forms of research is a philosophy of science that informs us both about the nature of the phenomenon under investigation, ontology, and methods for understanding it, epistemology (Van de Ven, A. H. 2007). Ontology and epistemology are two fundamental philosophical concepts in business research that shape the research methodology and approach (Tsoukas & Chia, R. 2011).

Epistemology deals with the nature of knowledge and can be described as how researchers acquire knowledge about reality and establish the relationship between the researcher and the knowledge they are trying to acquire (Bryman & Bell 2015). It deals with what is considered acceptable knowledge in a given field and the knowledge should imitate natural science (Clark. et al. 2021). Within epistemology, there are three main approaches: objectivism, constructionism, and subjectivism (Bryman & Bell, 2017). Objectivism assumes that reality exists

outside of consciousness, while constructionism argues that meaning arises from human engagement with the world. Subjectivism indicates that meaning originates from something other than the object itself and emphasises the importance of the observer's perspective (ibid).

Ontology is another word for natural philosophy and deals with the nature of reality (Patel & Davidson, 2019). Ontology comprises a system of beliefs that reflect an individual's interpretation of what constitutes a fact. In simpler terms, ontology is associated with what is considered reality (Tsoukas & Chia, 2011). This philosophical concept asks whether social entities should be perceived as objective or subjective. It determines whether researchers see the world as external to the social world or whether it is the perceptions and actions of social actors that create social phenomena (ibid).

Within ontology the main positions are objectivism and constructivism, which are perspectives associated with different views on how the world works (Clark. et al. 2021). Objectivism is the position that claims that social phenomena exist independent of social actors (Patel & Davidson, 2019). The other ontological position, constructivism, asserts that social phenomena are continuously created by social actors. This study is based on the ontological starting point of constructivism, which as mentioned means that reality is seen as something that is constructed by individuals in their interaction with the outside world. This view of reality has been crucial to the choice of the research approach and method (Bryman & Bell, 2017).

In business research, it is of great importance to consider the epistemological and ontological positions, which are essential aspects related to the research strategy (Bryman & Bell, 2015). Sallis et al (2021) argues that ontology, epistemology, and methodology are interrelated. Thus, it is the assumptions we make about how we perceive the reality around us, which then guides us how we choose to acquire knowledge about the reality, which later serves as the basis for the methods used for analysing it. Regardless of the research approach, these philosophical perspectives are crucial for understanding the research paradigm (Myers, 2020). Bryman & Bell (2015) emphasise that the epistemological and ontological position

of the researcher should be reflected in the choice of methodology. The authors adopt a constructivist ontology and a constructionist epistemology, emphasising that reality and knowledge are constructed through human interactions and perceptions.

3.2 Choice of Research Approach

There are two ways to draw conclusions of what is true and therefore also provide a foundation for theories and laws (Ghauri & Gronhaug 2010). The two ways are induction and deduction. The inductive approach in research is the approach that is based on empirical evidence where the theory is the outcome of data collection. Consequently, the inductive method is chosen when the researcher, through a literature review, finds that there is a lack of theory explaining a certain phenomenon (Bryman & Bell 2017).

The inductive approach is characterised by developing a theory by seeking connections between different observations, which is exploratory to draw general conclusions (Bryman & Bell 2017). This approach is well-suited to qualitative studies and offers an alternative to the deductive approach, which starts from a theoretical basis and uses theory to apply data to confirm the theory (Bryman & Bell 2017). The deductive approach is more suitable when the researcher aims to draw conclusions through logical reasoning (Ghauri & Gronhaug 2010). The goal of this study is to capture the respondents' subjective perceptions of the phenomenon in the studied context, hence the inductive approach is suitable for contributing to theory.

3.3 Research Design

Research design can be described as an overall plan to answer a research problem (Ghauri & Gronhaug 2010). It involves determining the type of knowledge sought and identifying the types of evidence required to make a credible knowledge claim. The research design is able to transform a research question and its objectives into

a project (Bryman & Bell 2017). It involves strategic decisions about methods of data collection, analysis, and assessment, and it places the study within a specific knowledge domain (Ghauri & Gronhaug 2010). The research design describes the framework that reflects on the different decisions regarding the research study and how prioritisations are made throughout the study (ibid).

According to Bryman & Bell (2017) there are two research methods that can be applied in business administration to generate and strengthen theories based on collected empirical data. The research methods that can be applied are the quantitative and the qualitative methods. This study is based on a qualitative research method with an inductive approach, where the goal is to generate theory from collected and analysed empirical data. The key purpose of qualitative research is to understand and gain insight or theory (Ghauri & Gronhaug 2010). On the other hand, the quantitative research design emphasises descriptions and testing of derived hypotheses.

The qualitative approach is suitable for studies to understand and describe the socially constructed words and meanings that arise in the studied context (Bryman & Bell 2017). The approach captures people's experiences and interpretations of reality in a more in-depth way than the quantitative method does. Bryman & Bell (2017) argue that the qualitative method focuses on creating a deeper understanding of collected material with detailed investigations of a phenomenon. The qualitative approach is suitable for this study as it aims to examine the subjective perspectives and experiences of farmers affected by high barriers to entry in the form of high capital investment costs in times of rising interest rates.

3.3.1 Case study

The research design chosen for this study is a case study. A case study emphasises a full contextual analysis of a few events or conditions and their interrelations to study a phenomenon or context in a detailed and thorough manner (Bryman & Bell, 2017). The aim of using this type of method is to enhance understanding of the phenomenon under examination and to carry out a thorough investigation.

The case study design entails a detailed and intensive analysis of a single case, which could be an organisation, location, person, or a single event (Ghauri, P. & Gronhaug, K. 2010). A case study concerns the complexity and particular nature of the case in question. Meaning that the case in a case study must be observed as an object of interest in itself and the researcher strives to provide an in-depth elucidation of it. Case studies mean that research takes place on a less defined group (Patel, R & Davidson, B. 2019) and therefore increases the possibility to discuss and gain a deeper understanding of the problem (Kvale, 1997). Thus, according to Yin (2006) case studies are the preferable research design when a project's goal is to examine situations that occur in social contexts. The case study is therefore the suitable method for this research as it aims to exploit real experiences and gain understanding of complex social environments (Bryman & Bell. 2017).

This study is conducted throughout the multiple-case study strategy, as it allows the researcher to compare and contrast the findings deriving from each case (Clark. et al. 2021). This method involves conducting detailed studies of multiple cases to understand a larger phenomenon. A multiple-case study encourages what is unique and what is common across cases, thereby promoting a frequent theoretical reflection in the research findings and improves theory building. This method encourages to study each interviewee in depth as a unique case to draw conclusions about the broader phenomenon.

3.3.2 Literature Search and Review

A literature review was conducted prior to the study to find relevant theories and concepts that can be used to explain the chosen topic of the study. A literature review helps the authors to connect the collected data with already existing knowledge and research for answering the research questions as well as to be able to draw conclusions from the discussion (The University of Edinburgh, 2023). The literature on which this study is based consists of scientific web articles as well as printed literature regarding the chosen topic. The search engines used to find literature online were Primo, Web of Science, Google Scholar, and SLU Library.

Keywords that have been used in the search are: *Agricultural sector, Barriers to Entry, Risk Management, Resources, Strategic management, Young Farmers- and Entrepreneurs.*

3.3.3 Data collection

The empirical data in this study has been collected using semi-structured interviews with open-ended questions since it allows the interviewee to answer more freely and extensively (Bryman & Bell 2017). This approach allows for a combination of both structured and unstructured interview approaches. According to Bryman & Bell (2017) this interview method makes the respondents' perceptions and thoughts appear more clearly as it gives the respondent the opportunity to develop their answers. This increases the likelihood that the participant's perceptions of the context will emerge more clearly. Moreover, the semi-structured interview method is flexible and allows variation of the questions such as follow-up questions and deeper questions depending on the respondent and the scope of the study. Conducting in-depth interviews enables a clear understanding and observations of the reality in the area being studied (Bell et al. 2019).

The interview method enables a two-way communication where the interviewer has the opportunity to explore topics in more depth and to clarify certain answers thanks to the relaxed atmosphere the method allows (Bryman & Bell 2017). The flexibility of the method leads to positive benefits, including that it allows the interviewer to control the interview towards questions based on the respondent's previous answers in order to get more relevant answers connected to the research questions of the study (Bryman & Bell 2017). This semi-structured interview gives the opportunity to collect more open answers and could be described as less controlled than a structured interview since it allows the respondents to answer more freely. Further, a semi-structured interview method leads to increased credibility of the research as it prevents the person conducting the interview from having full control of the interview and leads the respondent to a certain answer (Bryman & Bell 2017). The interviews took place through open individual conversations. Each interview was about 40 - 60 minutes long. The interviews with the respondents have been

conducted over phone or through Google meetings based on the preferences of the interviewees.

3. 4 Selection of respondents

The selection of respondents in this study was conducted through convenience/ purposive sampling which is described as a non-probability selection (Bryman & Bell 2017). The purposive sampling is described by Lawrence et.al (2013) as a method used in connection to a phenomenon of interest and in this case to study a specific population. The purposive sampling is a widely used method in qualitative research for its ability to enable in-depth and detailed information about the studied phenomena (Statistics solutions, 2024). It is also connected to choosing a target group out of a population that are experienced in a certain type of phenomena (ibid). For the case of this study this phenomenon is owning and managing a farm at a young age. The probability for the chosen target group to be able to answer the chosen questions were therefore high compared to a probability sampling method where the authors have little to none ability to choose the respondents for the study (Bryman & Bell 2017) The method of finding respondents are based on a convenience selection method and was chosen by the authors due to the easy access- and good possibility to find respondents well suited to align with the requirements and delimitations set for the target group of the study.

The respondents are all members of the same Facebook group called ``Spannmålsbönderna``. The likelihood that the authors could find respondents that had experience from the chosen phenomena were therefore high. Since the Facebook group Spannmålsbönderna is created for people that are somehow connected to Swedish agriculture it was reasoned that it was a suitable platform to find young farmers that had recently purchased or taken over an agricultural business.

There were a few requirements that were set for respondents to be able to be a part of the study. The respondents had to be 25-45 years of age and through purchase or

change of generation having taken over the operations and ownership of an agricultural business. The reason behind the age span was due to the Swedish definition of a young farmer where a farmer is considered young until the age of 40 (Jordbruksverket 2024). Therefore, while respondents older than this limit could possibly have more experience but still have had the possibility to apply for the financial support given out to young farmers (ibid). All the respondents in the study were 40 years or younger when they started their agricultural business. To answer the purpose of the report, the collecting of the primary data has been conducted through interviews with young farmers in different production and geographic areas. The communication with the farmers is crucial for the outcome of the study and will be done through mutual consent.

Table 1. Summary of the respondents interviewed.

Interviewee	Title	Age	Production	Date
Farmer A	Farm owner	35	Crop production, Beef cattle (bulls) & Sheep	2024-02-15
Farmer B	Farm owner	27	Crop production & forest	2024-02-16
Farmer C	Farm owner	31	Crop & milk-production	2024-02-16
Farmer D	Farm owner	43	Crop production	2024-02-16
Farmer E	Farm owner	31	Crop production & forest	2024-02-16
Farmer F	Farm owner	36	Crop production	2024-02-20
Farmer G	Farm owner	41	Grassland- & Milk production	2024-02-20
Farmer H	Farm owner	31	Crop production	2024-02-20

3.5 Supporting Data Collection

The collection of data to answer the study's research question has therefore taken place in the form of primary and secondary data (Bryman & Bell 2017). Primary data is data collected directly by the researcher for the specific purpose of the study. Such data can be collected by various methods, the most common being through different methods such as surveys, interviews, observations, and experiments (ibid). On the other hand, secondary data is data that has already been collected and published by someone else. This data can be found in a variety of sources such as public databases, articles, company reports, or government reports, which contain material that addresses the researcher's area of interest (Ghuri & Gronhaug 2010).

In this study, both primary and secondary data are being used. The primary data is collected through eight semi structured interviews based on a case study, where the empirical data collected is the core of the latter analysis and discussion in the study. The collection of secondary data is conducted through a literature review and serves as a complement to the primary data.

The semi-structured interviews were conducted through an interview guide (see appendix 1). The guide serves as a prepared list of topics and questions to be a default wording and order of questions during the interview (Bryman & Bell, 2017). Interviews often generate a high response-rate and validity of the collected data (Bryman & Bell, 2017). The authors were both represented during all interviews in order to avoid individual biases. All interviews were recorded with the consent from the respondents with two devices to avoid inaccuracies in the data and to allow the interviewers to focus on the conversation (Berazneva, 2014). Then the data was analysed through thematic analysis, which can identify patterns of respondents' perspectives and behaviour that aims to understand how they think, feel and act (Bryman & Bell, 2017; Clarke & Braun 2015). In this study the authors choose to code the collected and transcribed empirical data in different segments based on the purpose of the study. The authors then managed to find relevant themes through the coding to be able to classify the data.

Despite the method's many advantages, it comes with some disadvantages which are important to keep in mind when conducting the interviews in research (Bryman & Bell, 2017). Interviews are often very time-consuming due to its nature as it requires preparations, research, transcript process and in-depth analysis of the collected data. Additionally, interviews can be subject to bias, as of the risk that the interviewer's perceptions and the interaction between the respondent and the interviewer might influence the responses. Which potentially could affect the objectivity of the data (ibid).

3.7 Methodology Analysis

When researching empirical data that are based on people and their opinions and thoughts it is important to be able to look at the collected data with a critical mindset due to risks for interpretations. The authors must be mindful of generalising the result on a bigger population, especially since the number of respondents are very limited (Bryman & Bell, 2017). The collected data is very subjective and something that the authors must consider when analysing the result. To minimise the risk of miscommunication, the questions chosen for the interviews need to be well connected to how reality looks. In addition to this it is very important for researchers choosing the qualitative method to make it easy for the reader to understand and follow the report in a way that they can understand why the topic is of importance as well as why the authors have reasoned and argued in a certain way (ibid).

Additionally, the interviews were conducted in Swedish and subsequently translated into English by the authors. Bryman & Bell (2017) point out that translation is a meaning-making process, in which the translator's knowledge, social background and personal experiences play a crucial role. This poses several challenges that require careful consideration for a correct data analysis. Firstly, accurate translation is crucial, as misinterpretation can change the meaning of respondents' statements, while there is also the risk that interview respondents use words or concepts that have no equivalent in the English language. Secondly, the

authors' biases may influence the translation process, as personal understanding and linguistic choices may affect how responses are rendered in English.

The three primary criteria for evaluating research related to business economics is reliability, replicability, and validity (Bryman & Bell, 2017). When conducting a case study, reliability and validity are concepts that should be considered. To be able to reach a high level of credibility and trustworthiness of the study there are certain things that the authors need to have in mind to assure quality within the study and result (ibid).

Reliability

In qualitative research reliability is a key concept that refers to the trustworthiness of the research results. This implies that if the study is repeated under similar conditions, the results would be consistent and not affected by arbitrary conditions (Bryman & Bell, 2017). Reliability is closely related to the validity of research and is defined as the extent to which the results of a conducted study can be replicated in another context. This concept is emphasised as particularly important as qualitative research often focuses on interpretation, where different researchers may interpret the same phenomenon or situation in different ways (Bryman & Bell, 2015). Additionally, to ensure reliability in the research, the process of the study has been carefully described, from start to finish. This includes clearly explaining why certain choices were made and openly and thoroughly describing how the research was conducted. The recording of the interviews conducted helped the authors to maximise the reliability since it increases the accuracy and minimises the risk of misunderstanding and misquotation. This was made to make the study as replicable as possible (Bryman & Bell, 2015).

Validity

In the context of research, validity refers to the degree of accuracy in how the researcher observes, identifies or measures what is intended to be measured in the study (Bryman & Bell, 2015). It is essential that the research process reflects what is being investigated to ensure the credibility of the study. Concept validity in research can be explained by internal and external validity. Internal validity focuses

on the consistency between the researcher's observations and the theoretical concepts being developed (Bryman & Bell, 2015). Validity often becomes a strength in qualitative studies because of the researcher's long-term presence and involvement in the social group being studied. This involvement improves the possibility of ensuring that there is a high degree of correlation between the theoretical concepts and the actual observations (Bryman & Bell, 2015).

External validity, on the other hand, addresses the study's findings and its ability to generalise across different populations, settings, and situations (Bryman & Bell, 2015). This is critical for understanding whether the study's conclusions are applicable beyond the specific context studied. Qualitative studies, which often use case studies for data collection therefore often have limited samples, are sometimes challenged regarding their external validity and generalisability. However, it is important to stress that the aim of is not primarily to generalise but rather to achieve an in-depth understanding and high internal validity through accurate and realistic descriptions.

Despite the criticism of the generalisability of qualitative studies, Flyvbjerg (2006) argues that case studies are indeed generalisable and play an important role in the development of research. Detailed observations and in-depth descriptions of specific cases can contribute to a richer theoretical understanding. According to Flyvbjerg (2006), contextual learning through case studies promotes human learning by offering detailed insights into specific phenomena. By conducting interviews with research subjects and offering in-depth descriptions of individual cases, we aim to contribute to theory building and increase understanding of the studied phenomenon.

4. Empirical data

The following chapter presents a summary of the empirical material collected through interviews with the selected respondents. The chapter is divided into five main themes: Background, SAM-support, Barriers, Strategies and Recommendations.

4.1 Background of farmers

Eight farmers participated in this study (see *Table 1*), a group size that is considered sufficient as it increases the qualitative researcher's opportunity to collect detailed data about the phenomena of new young entrants in the agricultural sector in Sweden. (Bryman, A. 2016). All participating farmers were qualified to fit in the chosen delimitations for the target group chosen by the authors. A common denominator for the respondents is their ambition to develop and adapt their businesses to the modern requirements and opportunities that exist today, with a particular focus on continuity and efficiency in production. All participating farmers are involved in crop production in some way, either through ownership or lease of land. In addition, most of them have started their careers in the agricultural sector by adopting an entrepreneurial approach, often by establishing sole proprietorships with self-employed tax status. All farmers have utilised SAM support.

Farmer A is located in northern Sweden and started his career by working on a farm, followed by setting up his own company with self-employed tax status offering machine services. A turning point for farmer A was when he and his partner were faced with an increased rental price on their previous farm, which led them to

invest in their own land in the north, 50 hectares of owned land and another 150 hectares of leased land. In addition, he holds a livestock production with both cattle and lambs and the focus and aim now is to develop the meat production.

Farmer B, located in central Sweden runs a diversified farm on 200 hectares, specialising in crop production, forestry, and rental property management. With a background in agronomy studies, B has challenged traditional methods and successfully navigated the challenges of the sector. Took over the farm from his grandfather and runs the production by himself today.

Farmer C, located in southern Sweden operates in milk production together with cereal production on 450 hectares of leased land. C is a prominent farmer who has made a significant journey in the agricultural sector. C entered the agricultural sector by setting up an incorporated company together with a colleague to acquire a farm, after they had been working at another farm for ten years. The farm has developed into an organic dairy farm with 300 cows. The livestock also include 200 ewes.

Farmer D, located in southern Sweden took over his farm through a generational change. Today he operates a total of 350 hectares, with an even split between owned and leased land, where the land is owned by himself or by his father. The business focuses on conventional crop production with a diversified portfolio of crops. Farmer D has a background in agronomy studies.

Farmer E, located in southern Sweden acquired his farm through a combination of bank loans and a creative instalment plan for machinery. He was able to acquire the farm due the previous owner's willingness to sell below market price, in order to

keep the farm running in the same way as before. The operation consists of 75 hectares of owned agricultural land, 25 hectares of forest. In addition, he cultivates 85 hectares of leased agricultural land. Runs a company with self-employed tax status on the side, offering services by excavator and truck. Farmer E had studied at the Swedish university of agriculture in Alnarp to become a ‘Lantmästare’.

Farmer F, located on Gotland began his career by operating a company with self-employed tax status. He acquired his farm by first starting to lease it, until he got the opportunity to acquire it from the owner below market value. Today his total farmland consists of 113 hectares, including 12 hectares via a lease. The operation includes grain, oil seed rape and vegetable production. Runs a company with self-employed tax status on the side, offering agricultural machine services.

Farmer G, located in central Sweden operates a KRAV-certified dairy production together with grain production and has after several attempts managed to establish himself in the sector. He began his farming career by buying a small piece of land, then another small piece of land. Through an advertisement he got in contact with a seller and managed to lease a farm which he later purchased. Today his operation includes a total of 155 hectares of arable land and 30 hectares of natural pasture.

Farmer H, located in central Sweden restarted her parents farm in Enköping after them having it leased out for 10 years. She and her husband, both agronomists, started from zero and have expanded the farm to about 320 hectares. The focus on the farm is crop production. The couple lease the land through their incorporated company from her parents and through a foundation, due to the high prices on farmland.

5. Empirical analysis

In this section the author's analysis of the collected empirical data will be presented. After finding themes in the data the analysis has been divided into four different sections consisting of challenges, risks, resources, and strategies. The analysis is based on the questions from the interview guide (see appendix 1) and aims to find connections and differences between the respondents.

5.1 Challenges

In the interviews one of the questions focused on the financial challenges connected to the start-up and business operation identified by the farmers. However, it became clear throughout the interviews that in addition to the financial challenges there were different types of challenges that the interviewees had dealt with through their business process. Therefore, this section concludes the overall challenges that were mentioned regardless of their characteristics.

All farmers except one says that the financial struggles facing young farmers has been a great challenge for starting their businesses. The bank is mentioned various times as being the reason for these challenges. Farmer A, C, E and G all say that the most difficult thing was convincing the bank of their trustworthiness and their ability to pay-off the loan they were applying for. Farmer A says that it was hard to convince the bank that he would make profit from the business that he was starting. Farmer C mentioned that due to the fact that his farm's historically low results in the last 20 years together with low security the bank had a hard time trusting him. Farmer E told in the interview that due to low trust he only received half of the loan he asked for which made it hard for him to develop. He argued that this “*lack of trust might have had to do with my young age*”. Farmer E and G agreed that in addition to being a new farmer, the bank is considering other things such as age and relationship status when considering giving a loan. The external factors and ongoing world crises are things that farmer H thinks have made the banks even

more cautious today. Farmer B was the only farmer that said that he had avoided the challenges connected to bank communication through family loans.

Furthermore, regarding the financial challenges all farmers consider the high interest rates, and the inflation are factors they consider as big challenges. According to farmers B and F the high interest rates has led to bigger security requirements from the bank which makes the process of getting a loan even more difficult. This also leads to difficulties when trying to make successful calculations for the future. Farmer H mentioned that high input prices and agricultural machines make the financial factor even bigger and will make you have to come up with more money in a shorter period. Farmer F is looking bright on the future since the interest rates are on their way down but says that if that changes it would make him have to work even more hours on his side business.

The interest of expansion of the farmers' businesses and buying farmlands can be observed among all farmers but the financial aspect plays a large role in the possibility to do so. In addition to the high cost the respondents describe the difficulties to find farmland that are available to buy and lease because of the low interest from the older generation to give up their land. The farmers also describe a difficulty to compete for land with more established firms due to economies of scale. Farmer A, C, G and H agree that the younger farmers are told at the beginning of their careers that they do not have enough knowledge or the necessary skills to run farms. Farmer F and G are the only farmers among the respondents that have ongoing processes of expanding at this moment.

As already mentioned, the young age was mentioned by several of the respondents as a factor for challenges. Farmer A describes his young age as something that has affected him negatively and argues that the older farmers might see the younger generation as dangerous and lacking in knowledge and therefore prefers to sell to already established older farmers. He says that “you should always be able to show that you can manage to do things, but how can you if you never get the opportunity to”. This same occurrence has been identified by farmers G and F and they agree

that a big part of the older generation seem to be very unwilling to give their business up to younger farmers. Both G and F believe that it is necessary for the older farmer to be able to think outside the box if they want their farm to live on. Sometimes it could be better to give up the farm to a lower price even to someone that is not a relative if that will help you survive. Due to young age, farmer B has noticed that he sometimes tends to be placed last in the queue when trying to use services from agricultural companies and advisory services. In addition, social networking was also mentioned in the interview as a challenge specifically connected to the young age. According to farmer E who has experienced this first hand when moving to a new area where he did not know a lot of people and it was hard to make contact. All farmers in the study agreed that social capital is very important and getting advice from others can help in the development of your farm business.

One of the questions in the interview was connected to the advisory services offered to young farmers. None of the farmers said that they had been helped in any significant way during the progress of them buying or overtaking the farm businesses. Although there were some answers that described how the farmers thought that the services needed to improve and the lack of adequate service systems during business start-up was considered a challenge. Farmer B and F found it difficult in the beginning knowing who the correct person was to contact which also made it hard to compare different options and services to use. B means that this is especially for young farmers having difficulties describing their certain problems and concerns. Farmer G thinks that the advisory services and their consultants should be able to think more outside the box since he considers their services and advice to be a bit outdated. They seem to be working from the same old moulds according to farmer G which he sees as outdated. Farmer F also identifies a gap where the advisory services for different directions should work together, for example crop breeding and financial consultancy. She also mentioned that there might be a challenge for new farmers that do not have any financial history to look at from the farm, making standard figures the only thing to go on and these numbers might not be the most representative.

5.2 Risks

One of the questions in the interview guide (see appendix 1) is connected to the risks connected to the farmers' businesses. One of the most frequently mentioned risks by all farmers were the external factors and present world situation. Connected to the external factors the energy costs are a problem that has created financial problems for several of the interviewees. Farmer A mentioned risks such as high interest rates, the world situation, and the unpredictability in the sector as problematic. The unpredictability of the market is difficult, and it cannot really be predicted since everything moves in cycles. All farmers without B argued that the high costs together with the following rates becomes a huge capital requirement for their business. Farmer F claimed, *"It's the money that counts, without sufficient capital it is not possible to get help from the bank and to compete with the bigger actors"*.

Farmers A, D, E and H emphasised that unpredictable costs could force new investments to be delayed and influence their expansion plan. Farmer D means that there are lots of financial risks connected to investments making it very difficult to know what the right thing to do is. Farmer B said *"It is currently difficult to expand the farm due to high land and lease prices. This combined with the fact that they are competing with more established farmers with higher resources and economies of scale"*. In the context of financial risks, Farmer D states that *"It is difficult to allocate the resources to it in a good way, in order to be able to finance all that is needed to run the farm, such as machines and land"*. E continues this path, believing that the high land prices coupled with the significant risks associated with the operation due to the high interest rates on the loan, are creating a downward spiral for him as a farmer. H says that the bank has been the worst and means that deciding on what to invest in with a low budget has been a real struggle. At the moment H has some machines that need to be invested in but see it as difficult to decide in which order she should manage it since she cannot purchase everything at once. She asks herself; *"what is a good investment?"*

All the farmers argue that the uncertainties connected to the ongoing war factor in, and farmer A means that this has affected the costs of input products as well as the ability to plan and to make calculations for the future.

The biggest financial risk is actually a bad harvest. Right now, we are in a clear expansion phase where we need to borrow a lot to cope with the start-up, and if we don't get our liquidity in order, we cannot pay the loans, interest and amortisation needed. It will be difficult and perhaps even impossible to run the business due to a poor harvest. (Farmer H)

External uncertainties have also affected farmer B and he means that the high price levels have made it hard to secure good terms in all types of business deals. At the same time the price on land makes it hard to expand when competing with more established farmers with more resources.

Another risk that was mentioned by farmers B, D, E and H is the difficulty with unpredictable weather that has the possibility of damaging the yield and making it a bad harvesting year. According to farmer E the conditions connected to the harvest of the last year have had a lot of ups and downs making it very uncertain and creating a big financial risk in not knowing how the coming years will turn out. Farmer E says, *“From an economic point of view, the weather situation together with the turmoil of the war in Ukraine have been the most influential factors”*. The struggles are also connected to the ups and downs over the years mostly due to undesirable weather conditions. This has made it hard to plan for the future and the earlier plans and calculations have been irrelevant claims farmer E. Despite his irritation he emphasises that these unforeseeable conditions are something that you just must accept. Farmer F believes that the financial risk in combination with low harvests and low prices has affected farmer F over the years and made the economy very uneven. He mentioned that the fact that *“the production with organic crops with the current low trend for this also contributes to lower profitability has also contributed to the negative spiral”*. Farmer B mentioned two kinds of potential risks for his business; damage to the harvest affecting the quality of the produce as well as the personal risk such as health problems.

Farmer G says that the settlement prices are the biggest risk, leading to low profitability. He also mentions the lack of security possessed connected to being the landowner and means that the worst thing is that he tends to get classified lower in the decisions regarding interest rates. Moreover, farmer D said, *“Young farmers are willing to take bigger risks than the older generation, not only taking bigger financial risk considering expansion and machinery, but also in working more as well as the risks are higher on today’s farmers”*. The environment is different and therefore having a backup plan is important to deal with uncertainty and stress, which can mean keeping other competences alive and being open to different possibilities. Most farmers see no risk in leasing land compared to owning it. Instead, A, B, C and E, among others, see this as an advantage and an opportunity to increase production.

Many of the farmers have identified risks connected to the Swedish support system and the money that you can receive as a young farmer. Farmer D mentioned the various initiatives you can take regarding environmentally friendly areas and different types of techniques to keep the biodiversity. He sees these as good possibilities, but it is also a great risk. It takes time and if not done correctly or affected by weather conditions you could have to pay back the support money. Farmer E are also seeing risks with the support system and application since small honest mistakes in the application can give you fines on a lot of money. This is something that was also mentioned by farmer B who says that it is very important to optimise the application since there is a lot of money that can be lost if done wrong, but at the same time money you can gain if doing it correctly.

5.3 Resources

The most important resource by all the farmers is farmland, which is also the most capital demanding. Land followed by the machineries to make the best possible use of the land. All the farmers agreed that machinery requires a lot of money. Some of the farmers for example farmers A and H invested in mostly old machines, while D invests in newer ones. The interviewed farm owners were asked if they utilised the resources in some specific way and farmer F and G both shared some of the

machines that are required for the operation with other farmers in the nearby community. Furthermore, farmers A and D rented some of the machines depending on the need, both mean it is easier to keep costs down by sharing some machines and keep the most important ones in house. Another example was the farmer B who *“Uses all the tools in my toolbox by using available resources, trying to balance income and cover up shortfalls with something else”*. Farmer B's venture into forestry alongside traditional farming and turned poor forest land into arable land.

Another resource that was highlighted during the interviews with the young farmers was the SAM support and the importance of it for their ability to continue running their farms. Farmer H saw the support as a potential bonus, helpful for her operation. On the other hand, farmer A argued that the support is good but does not want to rely on it in its operations. Moreover, farmer B highlighted the importance of contacts, and so did farmer D, H and G. Farmer argue during the interview that contacts were a significant factor for success.

Experience and knowledge of farming to manage farms is significant [...]. Farmers need to learn how to utilise the knowledge that exists in the right way and there is a lot of knowledge, perhaps finding the right counsellor who can provide guidance. (Farmer B)

The right skills for the operation were also mentioned as a success factor, but also the benefit of utilising their skills in different areas and not limiting them to a single field, which were consistent through all interviews.

5.4 Strategies

When discussing strategies and reduction of risks most of the respondents had a clear view of how they handled their resources and were able to minimise the risks in their businesses. Farmers A, F and G are all leasing their farmland and see this as a minimisation of financial challenges. They were all clear about the fact that even though they know that owning land is a security they mean that leasing land is keeping down the risks connected to smaller costs than to invest in expensive farmland. Long contracts of 5 continuous years were also mentioned as a strategy and way of risk reduction.

One recurring strategy that was mentioned by all the farmers was the security of having multiple legs to stand on and in that way spreading risks, for farmer E and F this meant working with contracting work on the side of the agriculture and for farmer B and D this is done by using existing resources on the farm for extra income such as forestry and renting out stables. Furthermore, farmers F, H and G agree on the fact that machines are very expensive which makes corporations with other farmers a good strategy. Owning machines together with others or helping each other out with the things that you cannot handle yourself are both strategies that were mentioned. On the other hand, farmer A argued that for him it is a better strategy to buy cheap machines and make sure that he can manage everything on his own to overcome the risk of being dependent on others. Farmer G means that corporations keep the costs down and says that the social network is very important and emphasises the importance of creating good contacts with other farmers in the close area. Farmer F argues that in addition to talking to farmers it can be helpful to discuss one's business and challenges with people outside of the sector for advice and ideas, she thinks that people with different lines of work can come with inputs looking at the issues from a different viewpoint which are difficult to see yourself.

Risk reduction was a strategy that was applied by several farmers as well. For farmer B this meant that he did not want to be too bound to contacts of different kinds as well as not making too many investments too soon since this creates financial risks. Regarding contracts farmer D does work with a few special contracts but not too much since he feels like that would make him too dependent on another actor and finds it better to be able to find more buyers of his produce as well as more potential sellers of the input products.

When it comes to the support system for young farmers, farmer B emphasises the importance of optimising the application to get the best possible chance to get the support sum that you are applying for. Farmer A says that his strategy is to be diversified in such a way that he can avoid the support system to be his biggest source of income hence this makes you very sensitive to other risks.

High energy prices is something that has affected the farmers. Farmer B says that it is very important to monitor the external factors to be able to foresee such risks. He says that he managed to invest in solar panels in time and are now producing more electricity than he uses. Farmer E did the same thing and is saying that it was a great security when the prices on energy increased. He also invested in a direct sowing machine to keep the cost for diesel down and now he can skip the ploughing on the land which he sees as a great success.

The strategies that were used by the farmers in the study can be divided into four different approaches. The first one identified by the authors was diversification connected to resource management to spread the risks and to be able to build security in the business to make sure that the sources of income can complement each other in times of risks for one of the operations on the farm. This strategy was implemented by farmers E, F, B and D who all had the same thought despite having different ways of using their resources to be able to be diversified. Farmer C on the other hand has chosen a different method to spread risks by being two owners to be able to split the individual risk in half. The second strategy connects to risk reduction. For example, not to be too dependent on others with special contracts, the choice of owning machines together with others or not or to lease or own farmland. Farmer A means that the best strategy was to keep risks down by owning everything by himself while farmers F, H and G means that there are more financial risks by having to own everything themselves and means that keeping the risks down means collaboration with others. The third strategy used only by farmer B was keeping the loans in house and in that way building liquidity and an owner equity was explained as minimising the financial difficulties for the future making him less vulnerable to for example raising interest rates. The final strategy mentioned was building social capital which might not necessarily be named a strategy but was mentioned in all the interviews as a reason for success and development. Some of the farmers used their social network to find collaborations

while others valued the support and knowledge exchange, they can receive from others.

Table 2 Summary of the perceived barriers to entry by the interviewed farmers.

Challenges/ Risks	Perceived by farmer
Challenges	
Capital requirements and bank scepticism	All farmers
High interest rates	All farmers
Knowledge and Economies of scale	A, B, C, D, E
Social networks and young age	A, E, F, G
Communication and advisory services	B, F, G
Expansion and acquisition of land	All farmers
Risks	
External influences and global situation	All farmers
Unpredictable weather and climate change	B, D, E, H

6. Discussion

This chapter aims to integrate the presented literature and theories with previous empirical analysis. The discussion will be based on the analysis and will facilitate a clear link to the theoretical framework. The discussion will be presented in four sections based on the chosen theories and existing research.

6.1 Entry barriers

When entering the agricultural sector, farmers and especially the younger generation are facing barriers (Chandler, 2022). The barriers are many and different which makes them hard for the individual to meet and overcome. When young entrepreneurs are entering the sector, they often face a unique set of challenges and barriers. These barriers are not only more complex but also more difficult to navigate compared to those faced by more established individuals in the sector. This complexity is partly due to the systematic economic and capital barriers identified by Bain (1956) and Stigler (1968). Most common is economies of scale, product differentiation, cost advantages and capital requirements as critical barriers to entry (Bain, 1956). Moreover, Stigler's concept of barriers as costs unique to new entrants further emphasises the financial challenges associated with entering a market dominated by incumbents (Stigler, 1968).

From the collected empirical data, most of the respondents are facing several barriers. One of the most stated barriers to entry by the farmers is those related to *capital requirements* (Stigler, 1968). The young farmers found it challenging to secure financial support due to banks' scepticism towards young and inexperienced farmers. The lack of trust from banks often translates into difficulties in obtaining loans, resulting in difficulties for farmers to establish themselves in the sector. This also aligns with the theoretical aspects stated by Bain (1956) of capital requirements as a significant barrier to entry in shaping the competitive situation in the agricultural sector (Bain, 1956). During the interviews with the farmers, it emerged

that the use of EU support has played a significant role in facilitating the start-up and development of their farming activities. All farmers have utilised available support in some way, with varying experiences and perspectives on its impact. The support has been viewed as a financial boost whether it has been used in the beginning of their careers or in the middle, which is something all farmers agreed on.

Another barrier that was mentioned was the *economies of scale*, as the farmers are struggling to compete against established and larger actors (Stigler, 1968). The established actors hold more knowledge and experience than the young and new entrepreneurs. From the collected empirical data, it is clear this affects them negatively both in the negotiation with banks and in contacts with advisers. The gap in essential knowledge and experience between the young and older contributes significantly to the competitive disadvantages faced by new entrants, which underlines the barrier of *agricultural knowledge* (Chandler, 2022). This knowledge gap underscores the need for enhanced support systems and resources tailored to young farmers specific needs. The barriers are a significant obstacle for the farmers as when entering the sector or expanding hence it often requires high initial investments and skills to compete with the incumbents.

It was also clear that the respondents encountered barriers to entry regarding initial *capital requirements* for essential equipment, machinery, and notably *access to land* (Chandler, 2022). The high start-up costs often force farmers to choose to rent land at high cost instead of buying, emphasising the challenging reality faced by young beginners in the agricultural sector (ibid). The significant decrease in the number of farms alongside an increase in the average farm size indicates a consolidation trend which is in line with Bains (1956) and Porter's (1956) concept of economies of scale. As noted, are the young farmers facing substantial barriers in accessing land, the most fundamental resource for farming. The high costs associated with land acquisition and competition with established companies for valuable farmland tend to worsen these challenges for young farmers and place them at a significant disadvantage.

Moreover, the respondents highlighted the impact of high-interest rates and inflation extends the financial barriers beyond the initial stages of securing capital. These factors affect the long-term sustainability of young farmers' activities and force them into an economic uncertainty that inhibits growth and innovation (Bain, 1956). The theorists Bain (1956) and Stigler (1968) both highlighted the dynamic interplay between these economic pressures, which contribute to the complex economic context in which young farmers operate. This was something the respondents were aware of and the need for financial strategies and programmes that address both the immediate and long-term financial challenges facing young entrepreneurs in the agricultural sector was underlined.

The respondents agreed that social capital plays a crucial role in their success. This asset facilitates access to a wealth of information, resources, and support, which turns out to be crucial for navigating and overcoming economic and regulatory barriers, as stated by Bain (1956) and Stigler (1968). Stigler (1968) emphasises that regulation is a barrier that favours established companies over new entrants. This emphasises the importance of social networks, not only as channels of support but as key platforms that can influence young farmers' development within the agricultural landscape, which emerged during several interviews. The farmers mention several times that the presence of robust social networks can markedly affect their ability to navigate in a successful way in the complexities of the agricultural sector. Thus, social capital is invaluable for the successful establishment and sustainability of agriculture.

6.2 Strategies for managing risks

Risk management within companies has become a more important aspect of business success over the years (Hopkin 2010, Mikes & Kaplan 2013). As stated by Przetecznik (2022) this can be connected to a volatile market landscape, globalisation factors, as well as a rising development in technology within today's society. The continually volatile market was mentioned by the farmers several times

as one of the risks that are most difficult to foresee and predict, and therefore it is important to be able to prepare and strategize to be ready when and if changes occur.

By looking into the different risks identified by the target group there are many existing risks, but also different approaches towards them. With the research by Mehr and Hodges (1963) the authors can look at these actions and follow the five steps of management, seeing that the farmers have identified, measured, assessed, selected an approach as well as monitored the existing threat to be able to reduce these risks. In addition, it is important to connect the concepts of management of risk and strategy management to find connections, since strategies often descend from evaluation of the external environment and resources connected to a company (Lynch, 2018).

The empirical data has informed the authors about existing risks and risk reduction strategies among the farmers although the actions taken vary. The identified risks are described as unpredictable and connected to both financial and the individual physical perspective, which goes in line with existing research regarding risk management (Harwood, R., K., Perry, & Somwaru, 1999). Risks connected to undesirable weather and low yields are well known risks, although the farmers stand united in the opinion that such conditions are uncontrollable making it crucial to possess a high degree of security within the business to minimise the negative effects following these risks.

The strategy of spreading risks was highly emphasised and connects to Miller et.al (2004) claiming that every farmer works under different circumstances and meaning that their risk management will differ too. There are similarities among the farmers, but also certain that despite them sharing their line of work the circumstances can look very different. The financial risks that are common in the agricultural sector were shown to have possibilities to be kept down in multiple ways. In addition, the actions also seemed to differ among the farmers in which a few of the farmers focused more on saving money by keeping down their investments by cooperating with others, while other farmers valued the ability to

be independent through investing and in that way minimise their risks with unforeseen costs connected to trusting others. It was clear for the authors that different risks and challenges faced by the respondents were approached with suitable strategies (see *table 3*).

6.3 Resource utilisation and management

The Resource-Based theory (RBT) emphasises the strategic development and deployment of a firm's unique, valuable, and difficult-to-imitate resources and capabilities as the base for sustained competitive advantage (Barney, J.B., 1991). In the context of agriculture, resources extend beyond land and capital to include knowledge, skills, and machinery innovations. The RBT emphasises how these resources are acquired, managed, and integrated within an organisation critically affecting its success. The farmers described that they are using varied strategies to manage resources effectively which reflects the core principles of RBT. A common approach is the leasing of farmland, which farmers A, F, and G identified as a strategy to minimise financial risks associated with land ownership. This aligns with the emphasis of RBT's on leveraging resources to enhance flexibility and competitiveness (Barney & Clark, 2007).

Moreover, the utilisation and diversification of the resources stands out as a critical strategy for many of the farmers. The interviews showed that farmers E and F supplement their agricultural income with contracting work using their machinery and skills. While farmers B and D instead utilise existing resources, such as forestry and stable rental, for additional income streams. Barney and Clark (2007) argue that a farmer's ability to secure a competitive advantage is dependent on their skills in exploiting internal resources and integrating these resources effectively into their organisational structures, processes, and practices. Additionally, the strategic utilisation of resources plays a critical role for most of the farmers. For example, farmer B identified the potential to use parts of his forest land for cultivation, as he recognises that the areas are more favourable for agricultural development than forestry. The modifying of B's existing resources to respond to the environmental conditions aligns with Rumelts (1984) research about dynamic capabilities. The

interests of the farmers show that they are willing to change their strategies to adapt their farm to make the most of their resources to achieve sustainable competitive advantage.

In the interviews, it was shown that the farmers F and G have a collaborative strategy for machinery that emphasises the importance of resource sharing. This was mainly to reduce the need for large investments in expensive machinery. The machine strategy not only exemplifies efficient resource utilisation but also contributes to a mutual support network among farmers. Which is not only improving their relationship and social network but also their adaptability for risk management. Amit and Schoemaker (1993) highlight that the core of an entrepreneur's ability lies in their skills to utilise and exploit resources. These capabilities represent the strategic utilisation of resources and assets held by a farmer. The goal is to foster a long-term mindset in both utilisation and exploitation of their resources, and to transform them into operational capabilities (ibid). This holistic approach of resource management emphasises the dynamic interplay between resource utilisation and capacity development and highlights how farmers can address challenges and seize opportunities through strategic collaboration and resource optimisation.

All respondents also agreed that human resources, in the form of knowledge, skills, and entrepreneurial spirit, are crucial to overcome the challenges of modern agriculture. The importance of being innovative as a young farmer and bringing new perspectives to the sector was repeatedly emphasised in the interviews. This is considered essential to compete with older farmers and achieve long-term success. The individuals argued that integrating new technologies and sustainable practices to increase productivity and environmental concerns were resources for competitive advantage.

6.4 Impact of External Factors on Entrepreneurial Success

The entrepreneurial mindset is essential in the agricultural sector and being a good producer might not be enough in today's environment (Pindado & Sánchez, 2017). The open mindedness connected to the agriculture sector and farmers can define their ability to be entrepreneurial and in the collected data some aspects of entrepreneurship was identified (Hunter et.al, 2022).

The word entrepreneurship was not mentioned during the interviews although some of the applied actions mentioned in the data still connect to a behaviour making these individuals more likely to act entrepreneurial. The identified group of *social farmers* identified and investigated by de Lauwere (2005) connects to the behaviours and focus among several respondents, by their willingness to create new contacts and the importance of cherishing the already existing social connections. This group of farmers does have a bigger likelihood to act entrepreneurial in their business decisions compared to other groups. In addition behaviours connected to the group *new growers* were also identified during the interviews, based on the respondents who in addition to a social mindset showed willingness to grow their business which connects to an innovative mindset (de Lauwere, 2005). Farmers F and H for example highly valued corporations, making the social relations very important and farmer G showed much interest in the relations with neighbours and other farmers in the close environment. It was shown that the respondents F and G are both undergoing an expansion process of their business having overcome the existing obstacles identified to find land to lease or purchase. All the respondents in the study seem to belong to either the groups of *social farmers* or *new growers*. This can be connected to Pindado & Sánchez (2017) that means that the younger generation have been identified as showing more entrepreneurial behaviour compared to the older generation which are allegedly less open to new solutions and innovative behaviour.

According to Pindado & Sánchez (2017) both the *social farmers* and the *new growers* could be described as more prone to follow the trends of agriculture and consider environmental solutions than other groups. Regarding new solutions and techniques, it was shown that the interest of investing in new technology was high but most of the respondents argued that the possibility to invest was lower than they wished it would be due to high prices. Their interests show that they are willing to invest but at the same time the challenges to do so hinders them in their entrepreneurship possibilities.

6.5 Discussion Summary

The study contributes to the understanding of the challenges and strategies faced by young agricultural entrepreneurs in Sweden, against the background of an ageing farm population that creates an urgent need for new entrepreneurship in agriculture. The study's contribution to the understanding of these factors is particularly relevant at a time when the demographic shift towards older farmers poses a potential risk to the long-term sustainability and innovation capacity of agriculture. By examining the various barriers and factors that young farmers identify as challenging when taking over a farm business, as well as potential strategies to address these challenges the authors find similarities and differences found in the data.

It is clear from the collected empirical evidence that there are several barriers for young farmers when entering the agriculture sector in a changing economy. With that said there are also many potential strategies to face and overcome challenges and the existing barriers. It is evident that capital requirements and scepticism by the bank are major barriers, which correlates with research by Bain (1956) and Stigler (1968). The high price for acquisition of land combined with the intense demand of land, limits the ability for young farmers to both expand and start their businesses with enough farmland. This problem is particularly pronounced by the farmers because agricultural land is a limited resource, making it even more challenging for young entrepreneurs to find land at an affordable price. Together

with the lack of trust from banks the significant entry barriers contribute to great difficulties in becoming a farmer.

The young farmers in the study identified competition with established agricultural businesses and farmers who benefit from economies of scale, giving them cost advantages through large-scale production. This disadvantage for young farmers is exacerbated by a knowledge gap, where experience-based knowledge and traditional practices dominate, which can make it challenging for new and innovative farmers to break in and compete effectively in the market. It is clear that inexperience and lack of previous knowledge among young farmers connects to the attitude shown by the bank as well as the competition and unwillingness shown by the older more experienced farmers. These factors do ironically not help young farmer to expand their knowledge nor experience.

Moreover, the results of this study show that access to social networks is a crucial factor when entering the agriculture sector for young entrepreneurs in a changing economy. This differs from the main barriers stated by Bain (1956) and Stigler (1968). Many of the farmers agreed on the power of social networks to reduce risks, financial constraints, and barriers. Hence, the relationships with other farmers and the business network play a crucial role in this context. The study showed that many of the farmers saw themselves as better at communication and creating new contacts than the older generation which implies that this modern skillset makes the social aspect in the sector more pronounced. Networking skills are described by Pindado & Sánchez (2017) as one of the factors that contribute to entrepreneurial skills which argues for the fact that the young farmers are more prone to act entrepreneurial. The entrepreneurial skills that these young farmers possess will most likely help them during their future developing in the sector and in their business. Therefore, the authors would argue that farmers that have the entrepreneurial skills are more likely to overcome the existing barriers due to the right use of resources as well as strategies.

The strategies: *diversification and risk spreading, risk reduction, internal loans* and *building social capital* were as stated in the analysis used differently and to various extent by the respondents. The strategies used by the respondents have in many ways to do with the available resources available to the farms which to some extent also decide what type of premises each farmer has for making sustainable strategies. In addition, it can be argued that depending on the conditions of the farm that a person overtakes gives them different premises and possibilities for financial solutions. Diversification and risk spreading were strategies used by the respondents for reducing risks of external situations and challenges connected to the global situation as well as being more prepared for the high capital requirements connected to the agricultural sector. This strategy was used by the farmers that had existing resources in the business that they were able to use for sources of income. Having forestry in addition to agriculture is one example and another was having an existing stable on the farm that can be used for different purposes for an extra source of income. Apart from the resources found on the farm, knowledge and experience is a type of resource that was utilised by the respondents who worked on the side with contracting work. This shows the importance of evaluating one's resources to develop. The strategy regarding risk reduction is implemented by several of the respondents although in different manners. This minimises the risks of external factors affecting the company making the business less vulnerable to rapid changes in the external environment around the business. Collaboration with others or not is an interesting subject and the farmers in the study are looking at this as either a shortcoming or a reason for success. Collaboration with others to be able to reduce costs was identified among multiple of the respondents while one of the farmers said that he valued being certain of independence when it comes to machines and tasks in the operation. The reason for this difference in behaviours and approaches might be difficult to read into and could merely have to do with personal characteristics and preferences. Risk reduction by not being too bound to

special contracts was also mentioned among several farmers and they all agreed that they did not want to rely too much on others and be independent in the choice of deciding where to sell one's products.

As previously mentioned, there was only one respondent that managed to acquire a farm by loaning money from internal sources in the form of relatives. This strategy has, according to farmer B been of so much help for his financial situation and has kept risks of being affected by high interests down. The reason for this strategy can however be assumed to be connected to circumstances that not a lot of people operate under. Therefore, keeping loans internal and at the same time being able to avoid equity based on depths to banks is not a strategy or solution that everyone can implement, or access and the authors must be critical to the fact that this strategy cannot be generalised as a strategy that is widely used by young farmers.

Building social capital was a strategy for success that all respondents had identified as important for development and to be able to overcome challenges connected to young age as well as problems connected to not having a previously strong social network. The fact that all respondents emphasised the importance of meeting new people and having a social network shows a clear pattern. Connected to reducing risks in the farm business the social capital was described as a big help when wanting to find other farmers to collaborate with. Networking with others was also described as being a resource that can help farmers to expand their knowledge through exchange with others. Together with the alleged fact that young people tend to be more open to new solutions and innovations, social networking could be argued as a strategy that differs the young generation from the older generation of farmers.

Table 3 shows the identified strategies used by the respondents connected to different challenges and risks that they have faced when entering the agricultural sector. Some of the challenges and risks mentioned in *Table 2* have been removed due to the farmers' stated inability to have an impact on these factors and situations.

Table 3 Shows suitable implemented strategies for risks and challenges facing the respondents.

Challenges/ Risks	Suitable strategy
Capital requirements and bank scepticism	Building capital, diversification, internal loans
Knowledge and Economies of scale	Leasing land instead of buying, diversification and spreading risks
Social networks and young age	Building social capital, Collaborations,
Communication and advisory services	Being able to compare different services to optimise, building social capital.
Expansion and acquisition of land	Leasing land instead of buying
External influences and global situation	Monitoring the external situation to be able to plan ahead, diversification and risk spreading, risk reduction

7. Conclusions

How do young agricultural entrepreneurs strategize to overcome barriers to entry in an era of uncertain economy and world state?

There were different strategies mentioned in the study to overcome the barriers to entry, but the most important and common actions were *diversification and risk spreading, risk reduction, internal loans and building social capital*. These strategies were all connected to building up a security in the farm system, both financially and socially. Entrepreneurial skills were identified among all respondents and therefore making the strategies connected to innovative behaviour and open-mindedness very important for how they can overcome the identified barriers to entry. The entrepreneurial mindset was shown to have helped the farmers throughout the entrance process as shown in *Figure 2*. It was clear that the respondents in the study had different approaches for overcoming and handling different barriers and situations depending on their prerequisites.

What are the main barriers to entry perceived by young farmers?

The authors identified several barriers that young farmers face when entering the sector. First of all, capital requirements and banks that are sceptical towards inexperienced farmers with low grades of security are major obstacles to obtaining financial support, making it difficult to enter the sector. Despite the possibility of EU support, capital requirements are unreasonably high. Furthermore, young farmers are challenged by economies of scale, lack of knowledge, experience, and bargaining power. The knowledge gap between younger and older farmers underlines the need for tailored support programs. Finally, the study shows that social capital is crucial to the success of young farmers in overcoming these barriers, emphasising the importance of social networks. These barriers underline the difficulties young farmers face when setting up or expanding in the agricultural sector.

How can young farmers use their resources to manage and reduce risks in their business?

The farmers in the study were well aware that it is important to identify one's resources to be able to use them in a manner that gains value to the business. Using all available resources on the business to be diversified adds great security for the business and keeps the uncertainties down. Farmers that are using their resources right have greater conditions for surviving challenges and risks threatening the business. In addition, innovative thinking might help young entrepreneurs in seeing new possibilities and sources of income from the existing resources. Building capital as well as social networks were seen as internal resources that you can be able to take advantage of when developing a farm business.

8. Further research

To gain deeper knowledge regarding how young farmers overcome entry barriers an alternative approach could be to study more deeply how young people that have taken over a farm from relatives differ from those who have purchased and started a farm on their own. To be able to understand how previous connections to the agricultural sector would be an interesting subject for understanding how barriers to entry differ based on previous backgrounds.

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Appendix 1 Interview guide

Introduction

1. Could you tell us a little bit about yourself and your agricultural business? Did you enter the sector through a generational change, new acquisition or in another way?
 - Could you tell us a little bit about the process from deciding to buy or overtake the business until now?
 - What are the different functions and operations of your farm?
 - Where is the farm located geographically?

Barriers to entry

1. What are the biggest challenges that you have identified and been faced with when establishing as a farmer? And how have these challenges affected you?
 - Has your age affected the level of challenges?
2. Do you think that the challenges for farmers are bigger today due to changes in the external factors such as Covid 19, the Ukrainian war, inflation etc?

Resource management and reduction of risks

1. What would you say are the main risks for you as a farmer?
2. Could you describe how you have used and are using your available organisational resources to handle and overcome challenges and potential risks in your business?
3. What are your thoughts on new solutions and technology? Does it make you interested or is it something that scares you?

Financial challenges

1. What are the biggest financial challenges you faced when starting your agricultural business?
2. Are there specific strategies/techniques you have applied and used to overcome financial barriers and other challenges? Please give some examples.
3. How have you handled raising prices for farmland and have that affected your possibility to expand?
4. How has the interest rate affected your business?

Support and Policies

1. Have you made use of the possibility to apply for SAM-support dedicated to young farmers? If so, has this helped you to get your business started?
2. Are there things that you feel have been missing in terms of advisory services offered to young farmers?
3. In what way do you think that policy and legislation changes could favour young farmers possibilities to establish their businesses as well as handle financial risks?

For the future

1. Are there specific strategies you would like to recommend to young farmers who are about to acquire their own business? What is most important?

Introduktion

1. Kan du berätta lite om dig själv och din verksamhet inom jordbrukssektorn? Hur kom du in i jordbrukssektorn? Var det genom familjeöverlåtelse, nytt förvärv eller på annat vis?
 - Vad är det bästa? Vad är mindre bra? med att jobba som lantbrukare?
 - Skulle du kunna berätta lite mer om hur du startade ditt företag och hur processen såg ut?
 - Inriktning på gården? Storlek? Ekonomisk omsättning?
 - Geografisk/var

Inträdesbarriärer för ingång

1. Vilka är de största utmaningarna du stött på när du har etablerat dig inom jordbruket?
 - Hur har dessa påverkat just dig?
 - Har din ålder och erfarenhet påverkat dessa utmaningar?
2. Tror du att utmaningarna inom lantbruk är större idag på grund av omvärldsfaktorer såsom Covid-19, kriget i Ukraina, inflation etc?

Hantering av Resurser och Riskreducering

4. Vad ser du som de största riskerna för dig som lantbrukare?
5. Kan du beskriva hur du använt/använder dina tillgängliga resurser för att hantera utmaningar och eventuella risker i din verksamhet?
6. Hur tänker du kring nya lösningar och teknik, är detta något som intresserar eller skrämmer dig?

Ekonomiska Utmaningar

5. Vilka är de största ekonomiska utmaningarna du har mött när du startade din verksamhet?
6. Finns det specifika strategier eller tekniker du har använt för att överkomma ekonomiska hinder och andra utmaningar? Kan du ge exempel?
7. Hur har du hanterat stigande markpriser och hur har det påverkat din expansionsförmåga?
8. På vilket sätt har ränteläget påverkat din verksamhet?

Stöd och Policyer

4. Har du använt dig av möjlighet att få SAM-stöd som ung lantbrukare?
Hur tror du i så fall att det hjälpt dig att komma igång med din verksamhet?
5. Finns det saker som du har saknat i den hjälp med stöd eller rådgivning som man kan få som ung lantbrukare?
6. På vilket sätt anser du att policyförändringar skulle kunna underlätta för unga lantbrukare att etablera sig och hantera ekonomiska risker?

Framtiden

Vilka strategier skulle du rekommendera till unga lantbrukare som ska förvärva en egen verksamhet, vad är viktigast?

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