

Strategic planning in agribusiness

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SUMMARY

Agricultural businesses operate in a complex and dynamic environment, with many challenges and opportunities. It is therefore essential for these businesses to have a strategic plan. It is a critical process that helps businesses navigate in a complex and uncertain environment and achieve long-term goals and objectives. In this article, we have conducted a bibliometric analysis of academic journals to investigate the extent to which strategic planning is a researched topic in agribusiness enterprises. We found that there is no concentrated research, with only three keywords appearing in the literature with at least five repetitions. Even of the two repetitions, only 22 were found. The clustering of keywords helps to identify research directions. The results of a survey of 134 enterprises were then presented. The majority of enterprises do not have a long-term plan or even a written vision. We found that SWOT analysis is still the most common planning method among the companies surveyed. It was also found that there is no difference between industries in this respect. Significant differences were only found in relation to company size, with all large companies having a strategic plan and the vast majority of SMEs not. Only 17 out of 132 firms have a plan longer than three years, and 32 do not have any plan at all. Strategic planning can help to address many of the challenges in the agribusiness area, and it is therefore proposed to improve the proportion of firms planning through knowledge transfer.

Keywords: strategic management; strategic tools; agricultural production; planning

INTRODUCTION

While the demand for food, and through its agricultural products, is growing significantly due to the world population growth and changing consumer needs, the sector faces many challenges. These include environmental exposure, health risks, and the onslaught of production emissions that farmers must cope with. Rapid responses to external and internal environmental changes affect businesses' very existence. The change is faster than ever, so organizations must react faster than ever and be proactive instead of reactive. The strategic management process is aimed at allowing organizations to adapt and change effectively over the long run. Firms without a well-thought-out strategic plan and constantly evaluating and updating their plans are more likely to lose market share to competitors. However, the theoretical background of strategic management dates back to the 1960s; in practice, many organizations, especially micro and small enterprises, still do not apply established strategic planning tactics today. The present study seeks to answer the question - using a secondary web of science database and ongoing primary research - how the relationship between strategic planning and agriculture can be found in scientific research and whether or not firms in the sample use traditional strategic planning techniques. Many researchers agree that strategic planning can give businesses a clear competitive advantage. Some of these ideas are highlighted in the following paragraph.

Informal strategic planning has been around since the dawn of man. However, much of the strategic management literature started to gain traction in the 1950s with Newman's work on the importance of strategy in his book *Administrative Action* (Newman, 1951). The critical question in any strategy is explaining that similar resource companies have

different performances and profitability (Rumelt et al., 1991).

Successful corporations distinguish clearly between strategic, tactical, and operative planning. A critical environmental challenge of the 21st century for companies' needs is to adapt to globalization, the associated rushing technology, and changes in the satisfaction of consumers and other stakeholders. The strategy aims to position the company in a competitive environment to meet its customers' needs better than its competitors. An effective strategy combines external opportunities and internal resources (Bittner et al., 2020; Madai et al., 2020; Nábrádi et al., 2021). The external environmental factors are in continual flux creating new opportunities and threats to the company. Therefore, companies must adapt to changes as quickly as they can to survive.

Feurer and Chaharbaghi (1995) narrated that by demonstrating the need to match business opportunities to strategic planning, Ansoff laid the foundation for the usefulness of strategic planning. In the 1980s, the strategic planning focus shifted and broadened the range of concepts and techniques to anticipate and exploit business opportunities. In small businesses, strategic planning must be done with a sufficient understanding of the external environment, as every business has a dynamic external environment (Spillan & Ziemnowicz, 2003). The external environment analysis helps increase planning efficiency and effectiveness in smaller enterprises (Kraus et al., 2006). Hodgetts and Kuratko (2000) mentioned that strategic planning could contribute to performance by generating relevant information and understanding virtual environments. The changing external environmental conditions affect all companies' strategic directions and overall performances (O'Regan et al., 2007). Without analysis, some external environmental changes may remain hidden from businesses. (David, 2013; Hitt et

al., 2011). Companies need to prepare plans to cope with changes as they face dynamically changing environments significantly, and such changes may be unpredictable and may occur suddenly (Khan & Khalique, 2014; Phelps et al., 2001).

MATERIALS AND METHODS

A bibliometric analysis was carried out using VOSviewer software on the Web of Science database to map the academic literature on strategic management. Bibliometric studies provide an intriguing overview of a country's scientific activity and its position in the international aspect, providing essential information to aid those in charge of scientific policy in taking the most appropriate actions (Sertolli et al., 2022). The importance of the topic is reflected by the fact that the database contains nearly 400,000 (397,512) scientific publications on the term strategy management. Regarding publication dates, it is continuous from 1975 to 2022, with an average of 20 publications per year in the 1970s and 50 per year in the 1980s, rising to around 1000 per year from the early 1990s. In 2008, it exceeded 10,000 publications per year, and in 2016, 20,000 per year. What is striking, however, is that only 644 of these sources discussed strategic planning in the context of agriculture. 259 keywords were identified in the literatures, but there were only 3 that reached a minimum of 5 occurrences

and only 22 which occurred at least twice. 22 keywords were classified into 5 clusters, as *Figure 1* shows.

The database for the primary research was provided by the results of an ongoing study made by the strategic researcher club of the University of Debrecen, Department of Business Management. We started research with a questionnaire survey to assess companies' strategic management practices. 134 organizations have filled out the questionnaire, which is available in 3 languages, Hungarian, Romanian, and English. The present study is based on the results of the questionnaire survey. Entrepreneurs were contacted in person (by telephone and e-mail) and asked to forward the questionnaire to their business community.

The developed quantitative database was processed using SPSS 25 statistical software. First, descriptive statistics and frequency analyses were performed, followed by a two-sample t-test and analysis of variance.

RESULTS AND DISCUSSION

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Figure 1: Result of the Bibliometric Analysis



Source: own editing, based on VOSviewer analysis, 2023

Table 1: Clusters of the keywords

Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5
keywords	keywords	keywords	keywords	keywords
City	government	agriculture	agribusiness	future
criteria	participation	dutch agriculture	framework	policy
farmers	performance	sustainability	leadership	trends
management	state	sustainable development	strategic planning	
swot analysis	strategic planning effectiveness			
urban agriculture				

Source: own editing, 2023



In the cluster1, the words reflect one of the main future challenges of the agricultural sector: expanding agrarian production and implementing urban agriculture. These words all relate to managing urban agriculture, including the criteria for success, the roles of farmers and management, and strategic planning tools like SWOT analysis. Urban agriculture is a trendy topic in the literature and has many advantages. As Dona et al. (2021) have pointed out, too, in developed countries, its benefits are highlighted in terms of healthy lifestyles, development, and education, while in developing regions, it is seen as a solution to provide food for a growing population. From both perspectives, implementing urban agriculture requires a long-term planning process, of which strategic planning is an excellent tool.

Our strategic planning questionnaire results show that strategic planning is still far from the desired level. Only 17 out of 134 organizations surveyed produce a long-term plan, while 32 organizations do not produce a plan at all. SWOT analysis is the best-known planning method to date, and the one most used by most organizations (23), according to the results. Therefore, it is unsurprising that SWOT is the tool found in the literature analysis of the relationship between strategic planning and agriculture.

In cluster2, the words all relate to government effectiveness in achieving strategic goals through participation and performance management. This could involve engaging citizens and other stakeholders in the decision-making process, setting clear performance objectives, and using strategic planning tools to identify and address the state's key challenges and opportunities. Different level efficiency indicators are used for estimating the efficiency of an activity (partial, complex, social, corporate, regional, and macroeconomic) (Nábrádi et al., 2009). Several studies have examined whether there is a demonstrable, quantifiable relationship between strategic planning and corporate performance, which is worth investigating further. Based on our survey, of the 134 companies surveyed, there was no difference between firms' performance regarding strategic planning practices in their own perception, but it would be worth exploring this issue further using efficiency indicators either at the regional or macroeconomic level.

Cluster3's words refer to the most important topic nowadays, sustainable development. It could involve identifying and implementing agricultural practices that are environmentally friendly, socially responsible, and economically viable in the long term. Dutch agriculture is often seen as a model of sustainable agriculture, and its practices have been studied and emulated by other countries and regions seeking to promote sustainable development. Therefore, sustainability is a priority today, as sustainability is considered a core element influencing our existence and the survival of forthcoming generations. The notion of sustainability comprises three aspects: ecological, social and political, and economical target systems, which by now have been supplemented with cultural and regional elements, including the protection of the

environment, local traditions, and the scale of values, cultural and historical heritage (Nábrádi et al., 2011).

Cluster4's words all relate to managing and leading agribusiness enterprises through effective strategic planning within a structured framework. This could involve identifying and leveraging opportunities within the industry, managing risks and uncertainties, and innovating to stay ahead of the competition. Effective leadership ensures employees are motivated and aligned with the company's goals and vision. Overall, strategic planning within a structured framework is necessary for agribusiness enterprises to succeed in a constantly evolving industry. Although the literature analysis suggests that strategic planning is essential, the results of our questionnaire show that in practice, a significant proportion of agri-food businesses do not plan at all (25%), and only 13% prepare a strategic plan. Although a higher proportion of the organizations surveyed have a vision and mission statement (33%), it can still be said that even when companies know where they want to go, they typically do not plan the way to get there. There was no significant difference between the results of the surveyed companies in terms of activity, so it can be said that this is true not only for agricultural companies but also for all the organizations surveyed.

Cluster5's words are in connection with the policy. Effective policy development requires a long-term perspective and an understanding of the potential impact of future trends, and it is crucial for ensuring that societies and organizations are prepared to meet future challenges and opportunities.

From the cluster analysis, we can see that the main challenges in agriculture (like market changes, natural challenges, health problems, and labor shortages) have not been linked to strategic planning in previous research. However, strategic planning can help business leaders in many areas. Strategy planning can play a key role in the successful operation and development of agricultural businesses by allowing them to identify the key challenges and opportunities and how to respond effectively. Below are some examples of how corporate strategy can help agricultural businesses to address the most significant challenges:

Increasing productivity: corporate strategy can help agricultural enterprises identify areas where productivity can be improved and develop appropriate strategies to make production processes more efficient and productive. The enterprise strategy can help effectively use technologies and innovations, develop better products and varieties, sustainable agricultural practices, and more efficient production processes.

Market changes and competition: an enterprise strategy can help agricultural enterprises identify market changes and competitors to which they need to respond and develop strategies to remain competitive in the market environment. Enterprise strategy can help to differentiate products, explore new markets, grow more effective marketing activities, and develop business partnerships.

Natural challenges: business strategy can help agricultural businesses identify natural challenges such as extreme weather conditions, water scarcity, soil erosion, and animal and plant diseases and develop appropriate strategies to deal with them. A corporate strategy can help reduce risks and create new solutions, such as adapting to climate change.

Labor shortages: the enterprise strategy can help agricultural enterprises to develop appropriate recruitment and training strategies. The use of automated processes and technological solutions can help to alleviate labor shortages.

Capital shortages: an enterprise strategy can help agricultural enterprises attract appropriate capital investment through partnerships, business partners, and investors. An enterprise strategy can help to reduce risks and develop relationships with potential investors.

CONCLUSIONS

The study shows that strategic research focusing on agribusiness is not typical. It is supported by the fact that among the keywords, only three occurred at least five times in the research, and a total of 22 occurred twice. This is unfavorable because the practice of strategic planning can help with many of the challenges in agriculture. For example, it helps to prepare for and respond quickly to situations such as changing market demands, natural changes, resource scarcity, etc.

Based on the results of our questionnaire research, there is no significant difference between the strategic planning practices of organizations in agribusiness and those in other fields. In general, a very low percentage of companies have a written plan, a fixed vision, or a mission statement. The only group where this was found was large companies, which had a long-term plan without exception. This could be explained by the fact that SMEs, due to their size, can react much more quickly and flexibly to environmental changes and therefore do not prepare scenarios in advance, and that in a rapidly changing environment, it is unnecessary or impossible to plan in the long term, but this perception is professionally flawed. An organization needs a long-term goal and a planned path to ensure the chances of identifying opportunities and threats in time for environmental change are maintained. In summary, it is proposed to emphasize the importance of this topic, to transfer knowledge in strategic planning methodology to SME managers, and to demonstrate its benefits in practice to stakeholders.

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