

# A Model for Success in Agribusiness in the Portuguese Context

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## INTRODUCTION

Over time, agricultural enterprises face a number of challenges in order to succeed. In the context of the area under investigation, Boehlje, Akridge, and Kalaitzandonakes (2002, p. 31) refer that:

*“Successful agribusinesses will face eight key challenges in the agriculture of the future: globalization, adding value, achieving profitability, defining organizational capabilities, adapting to change, dealing with technological innovation, securing competence and intellectual capital, and achieving organizational transformation.”*

In an increasingly digital environment that results in the technological advance of the fourth industrial revolution, referred as Industry 4.0, it becomes interesting to understand the agribusiness success in the Portuguese context, whether enterprises use e-business<sup>1</sup> or not, because all over the world business and government are preparing for this transformation.

The present research may be relevant in a country such as Portugal, because this country has been experiencing a serious economic crisis and to understand the success could be necessary for the agricultural sector to be competitive in an economy digital and boost economic growth. Another reason is that there has been a growth in agricultural production in Portugal in recent years, due to incentives through project funding and government support for the unemployed and young people. However, the lack of competitiveness becomes a problem of the agribusiness sector of Portugal. In this context, it is important to discover and analyze factors with impact on the agricultural business success, so that managers have more information available that can be useful for the definition of future strategies, in order to be more successful.

Given the importance of agribusiness success in a digital economy, the aim of this chapter is to develop a theoretical framework for agribusiness success in Industry 4.0, centered on a holistic approach. The researcher prepares a review of relevant literature on the subject, based on the knowledge of multiple disciplines that contribute to understanding the agribusiness success. The literature review reveals a wide range of research on growth, productivity or performance business and therefore on success. In addition, many of the models in the literature on success focus only on the impact of alignment on success, on e-commerce or only on companies that adopt e-commerce, in internationalization and characteristics of the entrepreneur/CEO/manager along with other organizational and environmental factors. However, these factors of success aggregates may be relevant to agricultural business success, whether they use e-business or traditional business.

Although success is a subject discussed in the literature, it is not yet clearly developed for agribusiness sector and this can be important for the national economy. In agribusiness, Clasen and Mueller (2006)

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analyze the impact of market characteristics on success for companies included in digital markets. The lack of research in this area and the focus of author's interest in the agricultural sector motivated this research.

This article contributes to research on success, since it develops a conceptual model of success for agribusiness, in three dimensions: growth, productivity and performance, based on a holistic approach. Having a broader view than the models found in the literature on success and suitable for companies that use e-business or not, in the specific context of agribusiness.

This chapter is structured as follows: the next section presents a synthesis review of the literature on measures for business success. The second section explores determinants with impact on business success. The third section presents the future research directions. The final section provides discussion and a few concluding remarks.

## **BACKGROUND: AN ANALYSIS OF THE LITERATURE ON BUSINESS SUCCESS**

### **Success: Definition and Overview**

Success is a broad term and conceptualized in different ways. According to the Oxford Dictionaries (2019), success can be understood as “the accomplishment of an aim or purpose”. Generally, success is understood as the achievement of goals and objectives for any sector of human life (Chittithaworn, Islam, Keawchana, & Yusuf, 2011; Islam, Khan, Obaidullah, & Alam, 2011). However, in the field of agribusiness enterprises, success is understood as the achievement of goals and objectives established by entrepreneur/CEO of agribusiness enterprises. Success is surviving in the business for a considerable time (Alom, Abdullah, Moten, & Azam, 2016) or a multidimensional construct that can be evaluated at the level of the system, individual or organizational (Molla & Licker, 2001).

It is possible to classify success regarding several criteria. For Chan, Sabherwal, and Thatcher (2006), success concerns the organizational performance and is measured in a single measure that incorporates various items comparing the company to competitors. Von Gelderen, Frese, and Thurik (2000) use measures of economic and personal success. Reijonen and Komppula (2007) suggest professional satisfaction and satisfied customers as criteria for measuring success. Success has a different meaning, for different companies, at different times (Bissessur & Alamdari, 1998) and can change in magnitude and over time (Trkman, 2010). It is a constant challenge for both management and researchers to measure business success (Hult & Ketchen Jr., 2001). Success has been measured in several different ways in the literature, as can be seen from Table 1.

The researcher decides to choose the enterprise growth, productivity and agribusiness performance. Unger et al. (2011) used the growth, size and profitability dimensions in their meta-analytical review. However, in this study the size is excluded because it is a control variable. In addition, agribusiness performance is added, measured through the perception of the manager. The managers' perceptions are important because they can support the future strategic decision-making for organizations, then opts to measure it through subjective measures – agribusiness performance perceived by managers. Moreover, instead of profitability the concept used is enterprise productivity. Sales per employees are more direct measures of profitability that is obtained from the Table 1. Productivity is the measure found in the literature most developed for the e-commerce endogeneity and it is represented through the sales per employees.

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