The importance of Management for Growing and Developing Agribusiness SMEs: Designing a Conceptual Framework

Abol-Ghasem Arabiun

Abstract

Innovation and entrepreneurial activities play a key role in promoting rural economic progress (Escalante, Turvey, 2006). They are the crucial ingredients towards economic growth and job creation. Promoting these activities should take into account recent structural changes in agriculture and in rural communities. So in recent development plans of Iran have been attended to create and develop agribusiness SMEs, because of the vast context of agribusiness and its potential to develop enterprises. Much number of conditions affect on developing agribusiness. Identifying these conditions is essential to facilitate agri-entrepreneurship SMEs. We can categorized these conditions in three major environment including physical, economical and socio-cultural environment or as a different capital contain economic, social and environmental capital. All of these categories contain many different elements. One of this elements is management that acting as a coordinator of these capital in the best way to achieve the goal of business. This is a documentary and internet based study. It is a try to do meta-analysis the findings of the studies that they have been done in related subject to find conditions and a framework for agri-entrepreneurship.

KEYWORDS: agriculture, entrepreneurship, agri-business, SMEs

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Introduction

In different economic sectors, agriculture sector has an important role to increase entrepreneurial and employment opportunities. This sector accounts for nearly 31% of Iran’s Gross Domestic Product and employs about 23% of its labor force (President Deputy and Strategic Planning and Control, 2010). Through making and implementing some good and appropriate policies, especially in the field of agro-entrepreneurship, using the whole of the capacity of agriculture sector will be possible. So in the recent economic, social, political and cultural development plans of Islamic Republic of Iran, especially 3th, 4th and 5th development plans, have been focused on improving entrepreneurship in Rural area and agriculture sector (The Expediency Discernment Council of the System, 2000 and 2004 and 2008). Achieving this goal need to be recognized the conditions that they affect on agro-entrepreneurship and its role in the process of economic development. Therefore this study pursues the goal to identify the conditions of agro-entrepreneurship and designing a framework for it. The research method of this study is a meta-analysis of some researches and studies that they do in relation with this subject.

Agribusiness: Concept and the Conditions Affected It

The broad concept of agribusiness has been formulated in the middle of last century by Davis and Goldberg (1957). According to their definition agribusiness includes the sum total of all operations involved in the manufacture and distribution of farm supplies; production operations on the farm and the storage, processing, and distribution of farm commodities and items from them(BEČVÁŘOVÁ, 2005). So agribusiness represents very complex business system with three segments:

- First, pre-farm – which includes production of organic inputs;
- Second, farm – which includes agricultural production; and
- Third, post-farm – which includes processing (industrial and craft) and sale of agricultural-food products (Maletić, Ceranić, 2010).

This vast context of agribusiness makes Agri-business as an especially interesting field for small and medium agri-enterprise (Maletić, Ceranić, 2010).

Records have shown that Agri-SMEs (Small and Medium Enterprises-SMEs) can be found everywhere in the society. They include agribusiness farm firms, fast food enterprises, lather enterprises, bakeries, fisheries, poultries and the related firms etc. Because of Agri-SMEs significant roles in the local and national development and growth of various economies, they have aptly been referred to as “the engine of growth” and catalysts for socio-economic transformation of any country. Agri-business represents veritable vehicles for the achievement of national economic objectives of poverty reduction and employment and agri-entrepreneurship generation (Onwumere, 2008).

Nonetheless agricultural businesses often are more challenged to deal with highly risky business situations than businesses in other industries. Business risks in agriculture, due to, weather and pest infestations, marginality and low access to facilities etc, is so high and could cause wide swings in farm production (Escalante, Turvey, 2006). In addition of natural factors many other elements influence agribusiness. Therefore growing and
developing agribusiness need to improve the conditions and environment of agricultural business. In different documents, it has been mentioned different conditions in several categories with various names.

Existing research clearly indicated that some characteristics are conductive to agribusiness development. Pages and Markley (2004) cited four following key factors that appear to be important: (1) Diverse Capital Sources; (2) An Enabling Culture; (3) Entrepreneurial Networks; and (4) Supportive Infrastructure/Effective Public Support.

Running an enterprise successfully requires substantial tangible resources, including physical and financial capital (Lans, 2005; Bosma et al., 2000), human capital (age, education, experience in the branch, abilities and skills, competences etc) (Mizumoto, Saes, 2010; Bosma et al., 2000; Marshall, Samal, 2006) entrepreneurial capital (Erikson, 2000) and social capital (Having contact with other agribusiness actors in networks) (Bosma et al., 2000). In addition strategies for keeping up with business demands and innovativeness are the other important determinants of developing agri-enterprise (Ketelaar-de, 2002). Harding (2002) mentioned that human capital has a direct effect on the ability of the entrepreneur to secure financial capital for ventures (Marshall, Samal, 2006).

Stuart and Edward (2004), as cited in Sojasi Qeidari (2008), present a model of integrating this capitals (figure 1).

![Fig.1 - Model of integrating capitals](image)


Indarti and Langenberg (2010) identified key components to be important in analyzing the growth of SMEs and entrepreneurial success.

At first is the characteristics of the role players in establishing or developing agribusiness. In relation with human capital, two basic approaches can be distinguished. The first focuses on personal traits and characteristics, the second on competences (Lans et al., 2005). The characteristics are Age, Gender, Work experience, Education (Indarti, Langenberg, 2010); and Personal and psychological factors include perseverance, energy, diligence, resourcefulness, creativity, foresight, initiative, versatility, intelligence and perceptiveness Entrepreneurial characteristics (Lans et al., 2005).
In addition education (Indarti, Langenberg, 2010; Onwumere, 2008), lifelong learning (Lans et al., 2004) extension services, and training have direct influence on individuals to develop an enterprise or SME in agriculture sector (Onwumere, 2008).

Entrepreneurial competence is one of the important elements of creating and developing a business. Entrepreneurs are essentially the engines of growth for a nation (Mishra, 2003). Man et al. (2002) categorized entrepreneurial competences in six key areas of related competences (Table 1).

<table>
<thead>
<tr>
<th>Competence cluster</th>
<th>Description</th>
<th>Refers to</th>
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<tbody>
<tr>
<td>1 Opportunity competences</td>
<td>Competences related to recognizing and developing market opportunities through various means</td>
<td>General awareness, International orientation, Market orientation, Information-seeking</td>
</tr>
<tr>
<td>2 Relationship competences</td>
<td>Competences related to person-to-person or individual-to-group based interactions</td>
<td>Communication, Negotiation, Networking, Persuasiveness, Teamwork</td>
</tr>
<tr>
<td>3 Conceptual competences</td>
<td>Competences related to different conceptual abilities which are reflected in the behaviour of the entrepreneur</td>
<td>Conceptual thinking, Problem analysis, Vision and judgment</td>
</tr>
<tr>
<td>4 Organizing competences</td>
<td>Competences related to the organisation of different internal, external, human, physical, financial and technological resources</td>
<td>HRM/HRD, Leadership, Planning and organisation</td>
</tr>
<tr>
<td>5 Strategic competences</td>
<td>Competences related to setting, evaluating and implementing the strategies of the enterprise</td>
<td>the defining of a farm’s mission, transferring this mission into objectives, after conducting an internal and external analysis, formulating a strategy to achieve these objectives, implementing and evaluating the strategy</td>
</tr>
<tr>
<td>6 Commitment competences</td>
<td>Competences that drive the entrepreneur to move ahead with the business.</td>
<td>Self-management, Value clarification, Vision</td>
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Source: Man et al., 2002; Bergevoet et al., 2005)

The characteristics of the enterprise including origin of enterprise, Length time in operation, Size of enterprise, Capital source are the second component of enterprise success (Indarti, Langenberg, 2010). McMahon (2001) found that enterprise size and greater dependence upon external finance significantly linked to better business performance. Larger enterprises were found to have a higher level of success (Onwumere, 2008). Kristiansen, Furuholt, & Wahid (2003) found that length time in operation and financial flexibility were significantly linked to business success.
The third is contextual variables that are containing Marketing, Technology, Information access, Entrepreneurial readiness or in other word self-efficacy, Social network, Legality, Capital access, Government support and Business plan.

Access to market, New market opportunities (findings new products or services to offer existing customers and obtaining new customers), market stability (high proportion of regular customers) are, crucial for preserving high growth in the business (Indarti, Langenberg, 2010)

Technology has a close relationship with improvement of production process. Therefore it is crucial in agriculture sector for creation or developing agribusiness. Besides Gundry et al. (2003) and Indarti and Langenberg(2010) disclosed that, technology has a close relationship with market growth.

Access to new information is indispensable for the initiation, survival and growth of enterprise (Duh, 2003; Kristiansen, 2002; Mead, Liedholm, 1998; Swierczek, Ha, 2003).

Entrepreneurial readiness or self-efficacy provides the foundation for human motivation and belief about their capabilities (Indarti, Langenberg, 2010).

The study of entrepreneurship has increasingly reflected the general agreement that entrepreneurs and new companies must engage in networks to survive (Huggins, 2000). Networks represent a means for entrepreneurs to reduce risks and transaction costs and also to improve access to business ideas, knowledge and capital (Aldrich, Zimmer, 1986).

Suitable legislation can strengthen the creation and improvement a business. Duh (2003) found that Unsuitable is also found of obstacles faced by Slovenian SMEs.

Access to capital is obviously one of an important elements to the start-up a new businesses. Potential sources of capital may be formal or informal sources like as personal savings, extended family networks, community saving and credit systems, or financial institutions and banks (Indarti, Langenberg, 2010).

Now a day many governments have been paying a more attention to developing entrepreneurship by promoting agribusiness in order to strengthen national economy (Indarti, Langenberg, 2010). This supportive activity is so important to developing enterprise (Onwumere, 2008). Iran government has focused on the developing enterprise and SMEs especially in agriculture sector till last decade and support the investing on developing agribusiness.

Also, it is important for developing agribusiness to recognize the increasing importance of global trade and the potential for new and larger markets for trade and finance (Röttger, Da Silva, 2008a).

Manasov (2006), stated that the main factors affecting more effective agriculture growth and development of agri-enterprise could be grouped under these categories; Machinery, markets, quality of products, export composition, cost of credit and technical and market knowledge, farm productivity.

Also The key success factors for agribusiness development in Tanzania are capacity building and producer empowerment, the introduction of contract farming, improving access to credit, having enhanced dialogue among stakeholders, ensuring sustainability, good governance (e.g. strict accounting, monitoring and quality control), introducing enhanced competition and introducing improved technology (Röttger, Da Silva, 2008c).

In other study asserts that on three basic forces that drive change in modern agribusiness sector. They are:

(1) The globalization of markets,
(2) The rapid advances in technology and
(3) The greater involvement of people in what is produced and how it is produced.

These changes effect the competitive environment of the agricultural enterprise and influence their choice of structural and conceptual decisions for future. The market access, the competitive intensity and the market power have been identified among the main (external) factors that determine economic prosperity of contemporary producers within agribusiness. In addition according to Lundy et al (No Date), some elements in relationship to market affect on improving agribusiness are involved:

**Market integration**: The effects of market liberalization and globalization fuelled by innovations in finance, communications and transport are having profound effects on how business is being conducted within the agricultural and food sectors. These changes have significantly increased competition around the world as new market opportunities have become open to trade. For farmers in developing countries, the level of liberalization has been profound and nowadays, farmers are not only competing with their neighbors but with farmers from neighboring countries and further afield. The situation is complicated by the fact that some farmers receive subsidies and have greater levels of tariff protections than others and yet all compete in a general marketplace.

**Market concentration**: one of the consequences of these changes has been a rapid concentration of market power away from producers into the hands of a limited number of trade and retail companies.

**Public sector reform**: at the developing nations level, reforms in the public sector, often termed structural adjustment, have resulted in privatization, decentralization and a greater participation of the private sector and grassroots groups in decision making and processes of reform.

**Other market trends, health, food safety, specialization**: In addition to the market policy Changes, there are numerous market trends being led by consumers and processors who are Increasingly demanding agricultural products with greater quality, safety, and traceability.

The entrepreneurial environment formation and its impact on the agricultural firms can be depicted as in Figure 2 (Dunne,Collins 2001 cited in BEČVÁŘOVÁ, 2005).
In other perspective, Stathopoulou et al (2004) introduced three major environments including (1) physical environment; (2) social environment; and economic environment that influenced growing and developing agribusiness (Table 2).
Table 2: The environment and their elements affected agribusiness

<table>
<thead>
<tr>
<th>Environment</th>
<th>Elements</th>
<th>References</th>
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<tbody>
<tr>
<td>physical environment</td>
<td>Location(Location is related to the distance from major markets and accessibility to customers, suppliers, information sources and institutions) natural resources, climate and the topography-relief of the area landscape</td>
<td>Stathopoulou et al., 2004; Röttger and Da Silva, 2008c</td>
</tr>
<tr>
<td>social environment</td>
<td>social capital(civic society and networks)governance(a complex set of institutions and actors compiled by government authorities, agencies and non-governmental organisations NGOs)cultural heritage</td>
<td>Ronning, L. and E. Ljunggren, 2007; Stathopoulou et al., 2004; Brockhaus and Horwitz, 1986; Elfring, 2000</td>
</tr>
<tr>
<td>economic environment</td>
<td>investments in infrastructure, existence and operation of business networks level of information and communication technologies</td>
<td>Stathopoulou et al., 2004; Röttger and Da Silva, 2008c</td>
</tr>
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</table>

Rokn-al-din Eftekhari et al. (2008), assert on four categories containing Economical, social, environmental and institutional factors.

In addition these factors and environments, Policies are one of the key elements of the enabling environment for agribusiness development in each country.

For example Kenya has attempted to improve the enabling environment for agribusiness by expanding and upgrading these policies:

— Trade policies, including export promotion policies and incentives schemes for foreign direct investment, concessionary import duties on machinery, raw materials, and intermediate inputs;
— The Structural Adjustment Policies (trade liberalization, price controls, and privatization);
— The Regional Economic Integration Policy
— The legal and regulatory framework, including improved customs procedures, food safety and standards, labeling and certification, etc (Röttger, Da Silva, 2008b).

Furthermore Shehrawat (2006), showed that marketing opportunities, marketing and financial factors and easy availability of finance, identification of market, information and Knowledge about market and organizing skill oriented and entrepreneurial awareness training programs frequently comprising the areas of quality management, marketing management, sophisticated packaging techniques, marketing techniques, financial management, resource and manpower management are essential for economically viable agro-business units.
With a planning perspective, Baruah (2010) has introduced the important requisites for success in agribusiness. They are including of:

1. **Clean objectives:** The objectives set forth should be realistic and clearly defined. Then, all the business efforts should be geared to achieve the set objectives. In a way, objectives are destination points for an agribusiness.

2. **Planning:** Planning is a pre-determined line of action. The accomplishment of objectives set, to a great extent, depends upon planning itself. It is said that it does not take time to do thing but it takes time to decide what and how to do. Planning is a proposal based on part experience and present trends for future actions. In other words, it is an analysis of a problem and finding out the solutions to solve them with reference to the objective of the farm.

3. **Sound organisation:** An organisation is the art or science of building up systematical whole by a number of but related parts. Organisation of business is a harmonies combination of men, machine material, money management etc. so that all these could work jointly as one unit, i.e. “business” “the agribusiness”. Organisation is, thus such a systematic combination of various related parts for achieving a defined objective in an effective manner.

4. **Research:** Today the agricultural production philosophy “produce what the consumer wants”. “Consumers” behaviour is influenced by variety of factors like cultural, social, personal and psychological factors. The business needs to know and appreciate these factors and then function accordingly. The knowledge of these factors is acquired through market research. Research is a systematic search for new knowledge. Market research enable a business in finding out new methods of production, improving the quality of product and developing new products as per the changing tastes and wants if the consumers.

5. **Finance:** Finance is said to be the life-blood of business enterprise. It brings together the land, labor, machine and raw materials into production. Agribusiness should estimate its financial requirements adequately so that it may keep the business wheel on moving. Therefore, proper arrangements should be made for securing the required finance for the enterprise.

6. **Proper plant location, layout and size:** The success of agribusiness depends to a great extent on the location. Where it is set up. Location of the business should be convenient from various points of view such as availability of required infrastructure facilities, availability of inputs like raw materials, skill labor, nearer to the market etc. Hence the business men must take sufficient care in the initial stages to selected suitable location for his business.

7. **Harmonious relations with the workers:** In an agribusiness organisation, the farmer operator occupies a distinct place because he/she is the main living factor among all factors of production. In fact, it is the human factor that makes the use of other non-human factors like land, machine, money etc. Therefore, for successful operation of business, there should be cordial and harmonious relations maintained with the workers/labors to get their full cooperation in achieving business activities.

8. **Efficient management:** One of the reasons for failure of business often attributed to as their poor management or inefficient management. The one man, i.e. the proprietor may not be equally good in all areas of the business. Efficient businessman can make proper use of available resources for achieving the objectives set for the business.
Management as an Important Element For Developing Agribusiness

Based on aforementioned above, we can find management as one of the important elements for developing agribusiness. Undoubtedly any organisation, whether new or old, whether small or big need to run smoothly and achieve the goals and objectives which it has set forth.

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status (Management study guide, 2010).

According to a functional viewpoint the concept of management is what a manager does. The functional concept as given by some of the authors is given below:

— James L. Lundy, “Management is principally the task of planning, coordinating, motivating and controlling the effort of others towards a specific objective. Management is what manager does. It is the task of planning, executing and controlling.”

— George R. Terry, "Management is a distinct process consisting of planning, organizing, activating and controlling performed to determine and accomplish the objective by the use of human beings and other resources."

— Howard M. Carlisle, "Management is defined as the process by which the elements of a group are integrated, coordinated and/or utilized so as to effectively and efficiently achieve organisational objectives."

— Henry Fayol, "To manage is to forecast, and plan, to organize, to command, to coordinate and to control(Rajputbrotherhood, 2010)

Different experts have classified functions of management. According to George & Jerry, “There are four fundamental functions of management i.e. planning, organizing, actuating and controlling”. According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”. Whereas Luther Gullick has given a keyword 'POSDCORB’ where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by Koontz and O'Donnel i.e. Planning, Organizing, Staffing, Directing and Controlling. For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others (Management study guide, 2010)
Describing these function help to clarify the importance and necessities of management for developing a business

The base function is: Planning

It is the foundation area of management. It is the base upon which the all the areas of management should be built. Planning requires administration to assess; where the company is presently set, and where it would be in the upcoming. From there an appropriate course of action is determined and implemented to attain the company’s goals and objectives. Planning is unending course of action (Pakhare, 2010).

Planning is involved formulation of one or more detailed plans to achieve optimum balance of needs or demands with the available resources. The planning process (1) identifies the goals or objectives to be achieved, (2) formulates strategies to achieve them, (3) arranges or creates the means required, and (4) implements, directs, and monitors all steps in their proper sequence (Business Dictionary, 2010).

The subsequent function is: Organizing

The second function of the management is getting prepared, getting organized. It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organisational goals. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”. To organize a business involves determining & providing human and non-human resources to the organisational structure. Organizing as a process involves:

— Identification of activities.
— Classification of grouping of activities.
— Assignment of duties.
— Delegation of authority and creation of responsibility.
— Coordinating authority and responsibility relationships (Management study guide, 2010).
The third function is: Staffing

It is the function of manning the organisation structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behaviour etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, “Managerial function of staffing involves manning the organisation structure through proper and effective selection; appraisal & development of personnel to fill the roles designed on the structure”. Staffing involves:

— Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
— Recruitment, selection & placement.
— Training & development.
— Remuneration.
— Performance appraisal.
— Promotions & transfer (Management study guide, 2010).

The fourth function is: Directing

It is that part of managerial function which actuates the organisational methods to work efficiently for achievement of organisational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organisational goals. Direction has following elements:

— Supervision
— Motivation
— Leadership
— Communication

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding (Management study guide, 2010).

The final function is: Controlling

Control, the last of five functions of management, includes establishing performance standards which are of course based on the company’s objectives. It also involves evaluating and reporting of actual job performance. When these points are studied by the management then it is necessary to compare both the things. This study on comparison of both decides further corrective and preventive actions.

Effective and efficient management leads to success, the success where it attains the objectives and goals of the organisations. Of course for achieving the ultimate goal and aim management need to work creatively in problem solving in all the five functions.
Management not only has to see the needs of accomplishing the goals but also has to look in to the process that their way is feasible for the company. Controlling has following steps:

3. Comparison of actual performance with the standards and finding out deviation if any.
4. Corrective action (Management study guide, 2010).

The glimpse of management functions shows the important role of management in developing and succeeding a business. Management improves the business through:

1. **It helps in Achieving business Goals** – It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organisation clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.

2. **Optimum Utilization of Resources** – Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

3. **Reduces Costs** – It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.

4. **Establishes Sound Organisation** – No overlapping of efforts (smooth and coordinated functions). To establish sound organisational structure is one of the objective of management which is in tune with objective of organisation and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

5. **Establishes Equilibrium** – It enables the organisation to survive in changing environment. It keeps in touch with the changing environment. With the change is external environment, the initial co-ordination of organisation must be changed. So it adapts organisation to changing demand of market / changing needs of societies. It is responsible for growth and survival of organisation.

6. **Essentials for Prosperity of Society** – Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organisation comes with new products and researches beneficial for society (Management study guide (a), 2010).
So management can affect all aspects and elements of a business and especially agribusiness SMEs and improve all conditions that they are in relationship with developing and SMEs.

Based on aforementioned we can design a framework for developing and growing agribusiness (figure 4).

Fig. 4: A framework for developing agribusiness
Conclusion

As a conclusion we decided to comparison a process of developing agribusiness with a life cycle of a cultivated plant and its needs. In this framework agribusiness has the role of a seed with the potential of growth. Growing this seed is depending on some environmental condition and some resources. In nature a seed needs to soil, water, climate and a farmer to care it and to direct the process of growing. In this simulation soil, water and air as crucial factors for growing a plant are equal with physical and financial environment and Also Farmer is an entrepreneur living in socio-cultural environment. If we want to achieve a good product we should educate and empower the farmer to improve his/her knowledge, skill and competence in agricultural work. This farmer can integrate and use the capacities of different environments. So he/she selects a suitable kind of plant on the base of environmental conditions (kind of business) and cultivates his/her farm (providing basic needs for an enterprise such as financial and human resources and technology) and then planting the seed (start up enterprise). Certainly the affects of environment will be continued in the growth period and farmers must be capable to accept, control and mange them. Supportive policies making by government is so important there.

Farmer relationship with the other farmers, farmer’s organisations and public or private organisation make a good situation for getting information, interaction and reducing the risk of agriculture (social capital and network). In the operation time Farmer must be planning for pest and weed control and irrigation (an entrepreneur must be a pathologist to identify the problems of his/her enterprise and control them). All of these need to a high level of competencies so that extension education services and lifelong learning are vehicles for reaching to them. At last each planting has a product. In harvesting phase the farmer harvest her/his farm product (product of business) and send to market. Access to market and information about it, ability of marketing, access to transportation and information and communications infrastructure, the quality of product, price, and trade and export policy is very important in this stage. The importance of these elements in a success agribusiness is completely obvious. Undoubtedly global environment and international trade policies have direct or indirect impacts on this process.

Based on aforementioned elements and conditions for developing agribusiness SMEs and enterprise some recommendations are presented:

Recommendations at the macro policy level include:-

1. Eliminate export subsidies of agricultural commodities from developing nations.
2. Reduce internal agricultural subsidies to selected agricultural commodities in developed nations, starting with products where temperate producing countries have no comparative advantage, such as rice, milk and sugar.
3. Reduce or eliminate escalating tariffs on processed agricultural goods supplied from developing nations into OECD countries, as indicated by EBA.
4. manage the supply of basic commodities to avoid overproduction,
5. Evaluate market effects when support agencies consider large scale investments in production based support programs;
6. Invest in value adding enterprises to increase income and reduce exports of primary goods.
Recommendations at the national level in developing countries:
1. Promoting alliance between the private sector in value chains,
2. Improving access to natural resources and basic infrastructure and services
3. Strengthening the rural business environment through the support of business development services, involving temporary subsidies;
4. Strengthening the human capital of international, national and local rural development agencies to implement business oriented rural projects.

Recommendations at the micro-level to support agribusiness development:
1. Promoting participatory methods that directly involve local chain actors in decision-making and develop local capacity;
2. Stimulating collective action and organisation of rural economic organisations
3. Encouraging on-farm intensification, diversification and adding value locally in rural areas
4. Strengthening the market;
5. Generate and promote technologies related to small-scale agricultural production, including information and communications systems, low-external-input-sustainable-agriculture (LEISA), and other value adding intensification, rural electrification, irrigation and water management
6. Promoting appropriate forms of diversification such as fruits, vegetables, livestock, handy crafts and eco-tourism.
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