

A CONCEPT OF MODERN ENTREPRENEURSHIP IN DUTCH HORTICULTURE

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Abstract

Dutch growers have to deal with a combination of challenges, like EU competition, a changing market, clustering within the agricultural chain, development of (information) technology, a more flexible and tight labour market and increasing demands of the 'customer'. According to the Dutch ministry these challenges call for an innovative form of management and organisation, called 'modern agro-entrepreneurship'. The unanswered questions are; how can this entrepreneurship be stimulated by Dutch government? And how can it be integrated in the agricultural education system? The basis for the answers lies in a definition of entrepreneurship, combined with a qualification of the entrepreneurs competencies and, if possible, a quantification. In brief, the main goals of this research project are (a) definition of the competencies of a good entrepreneur and (b) a translation of these competencies in agricultural education and training

With the use of the results of former studies of 'Modern management concepts' and 'Entrepreneurs of mega-enterprises' in horticulture we worked out a new conceptual model of entrepreneurship.¹

In the centre of this model the grower is described as a circle, divided in three main competencies; professional grower (viz. craftsman), manager and entrepreneur. Besides these three 'competence domains', other, indefinite 'personal characteristics' influence the way the grower acts and makes decisions. In an attempt to define entrepreneurship, these characteristics have to be taken into account as well. They surround our circle, as a grey rind.

The model in total places the entrepreneur in the context of his own enterprise, the immediate environment, surrounding society and the (agricultural) knowledge infrastructure. In this model the strategic choices he makes and the strategic management of the enterprise are the outcome of entrepreneurship.

In essence, this concept of entrepreneurship integrates theories from different disciplines; management, engineering, sociology and psychology.

1. Introduction

In this paper we describe the conceptual model that has been developed for an extensive study in agriculture called 'The Mystery of entrepreneurship'. In the following discussion we will illustrate why the entrepreneurship of farmers and growers should be regarded to as something mysterious. At this point however we notice that the term 'mystery' also stands for 'profession' or even 'mission'. The profession of farmer or grower may certainly be called a mission, for they traditionally have strong intergenerational ties to their profession.

¹ The project described in this paper will be executed by IMAG, Stoas, the Research Station for Floriculture and Glasshouse Vegetables and the Research Institute for Animal Husbandry.

After a description of the background of this study, we will present a conceptual model of the entrepreneur in the context of his enterprise, the influence of the surrounding society and the knowledge infrastructure. In this model entrepreneurship leads to strategic choices resulting in the strategic management of the enterprise. Logically, the entrepreneur forms the centre of the model.

In a second model we will present a concept of the relation of the main factors that influence entrepreneurship. This model will be validated in the next phase of our study.

An important goal of *the Mystery* is to contribute to the education in entrepreneurship in Dutch agricultural schools. This education is experienced as problematic, both by the way entrepreneurship as such has been neglected as yet as by the question whether it is trainable at all. Currently, there is no purposive teaching program focussing on entrepreneurs competencies in the Netherlands.

At the end of the paper we will formulate some questions regarding to the possibilities for the development of agricultural education.

2. Developments in the sector

At the beginning of the twenty-first century the agricultural sector is faced with a number of challenges, such as:

- Increasing competition because of open trade
- Need for of co-operations and integration within the agricultural chain (concentration of power); horizontally between growers (formation of growers associations) and vertically between suppliers, growers, auctions and trade firms (total quality management) (V.d. Schilden *et al.*, 1998).
- Changing market directed by the demand of critical consumers.
- Fast developing (information) technology
- Labour organisation and labour supply, failing attractiveness of the sector as an employer and increasing flexibility in work time and contracts.
- Public opinion towards agriculture, deteriorating image, the need for sustainability, et cetera.
- (Negative) influence of government rules and regulations
- Uncertainty about future planning, land may be claimed for other purposes

The Dutch ministry of agriculture translates these changes in the need to stimulate 'modern agro-entrepreneurship' - aiming at a combination of economic continuity and social acceptable, sustainable production methods.

The Mystery is focussed on the policy problem that is related to these developments. This problem may be summarised in the question: 'How can this modern agro-entrepreneurship be stimulated? This question is interesting from different points of view regarding policy. In the first place the pursuit for continuity of the sector with an open eye for sustainability. Followed by the question whether the knowledge infrastructure is able to stimulate entrepreneurship. More precisely: the question to what extent Dutch government should and can stimulate entrepreneurship. These statements clearly show the number of interested parties, namely: Dutch government (Ministry of Agriculture), Dutch farmers and growers, agricultural education and, more in general, the agricultural knowledge infrastructure.

3. Concept of Entrepreneurship

3.1. The Grower as a Circle

For a profitable production in a dynamic environment, in most cases, the production method must be adapted and the operational management as well (must be turned into a more flexible and innovative management concept). New challenges must be faced like the development of new products and new technology, co-operation within the agricultural chain and utilisation of the abundance of information and of computers

(Willems *et al.*, 1998).

It is clear that the tasks of an agricultural entrepreneur are shifting from mainly manual labour to more mental and management tasks.

When the person of the grower or farmer is seen as a whole, three 'competence domains' may be distinguished within him. The first one is the professionalism of the grower, referring to knowledge of and experience with the product and production method. The second is the domain of management, in which the growers' competencies lie mostly in the field of managing and organising the production process. Entrepreneurship is the third competence domain, referring to the strategic choices resulting in the actual performance of strategic management (Mok, 1987). In the Netherlands a nation wide debate is going on about what the best strategy would be for growers. Some people plead for a focus on rural development, but others state that the choice for a 'mega-enterprise' is a good option as well. We think that both options have a place in the future agricultural scene, just as the more conventional farms or greenhouses. All options may be the result of good entrepreneurship and there is no need to restrict the possibilities to one specific strategy.

Every grower will embody a mixture of the three competence domains – professional grower, manager, and entrepreneur. A confusing fact is that terms like manager and entrepreneur are also used to characterise a specific farmer or grower. In general however he unites competencies from all three domains. A so called 'economic farmer' (Van der Ploeg, 1999) can only practise his business when he combines his professional skills with certain competencies in the field of management and entrepreneurship. On the other hand a mega-farmer, who is in the first place an entrepreneur, will never lose his professional interest in his farm (Verhaar & Hoeve, 1999).

In figure 1, a grower is described as a circle, divided in the three main competencies; professional grower (*viz.* craftsman), manager and entrepreneur. Besides these three 'competence domains', other, indefinite 'personal characteristics' influence the way the grower acts and makes decisions. In the attempt to define entrepreneurship, these characteristics have to be taken into account as well. They surround our circle, as a grey ring.

3.2. About *Good* Entrepreneurship

The division of competencies in professionalism (craftmanship), management and entrepreneurship has been introduced by e.g. Mok (1987). Traditionally agricultural professionalism, changing with the time, has been given a lot of attention. Also there are many studies that deal with the organisation of agricultural work, or management (Van der Maas *et al.*, 1999, Van der Schilden *et al.*, 1997). The third domain however, the ultimate entrepreneurship, has been neglected (Alleblas is an exception).

Not meaning that there are no theories and discussions about the meaning and interpretation of the term. Many opinions on the subject of good entrepreneurship have been launched, changing with the time. Until now it remains uncertain what the true characteristic of entrepreneurship would be. We are looking for a complete characteristic dealing with the contents, in terms of competencies and personality, that makes us point at one grower as a good entrepreneur and not at another – even though they are both running their own business; working at their own risk and account.

In his recent book 'De Virtuele Boer' [The virtual farmer], J.D. van der Ploeg contemplates on the agricultural sector in the past, the present and the future, thus founding his opinion on good entrepreneurship. He states that good entrepreneurship can be determined only 'ex-post' by the rate of success of the enterprise. We do not quite agree with van der Ploeg. In our opinion the term *good* should not be linked to the rate of success. The emphasis should be laying on *entrepreneurship*, instead of *good*. Good entrepreneurship has more to do with the way one chooses to act than with the outcome in the short run. This implies that real entrepreneurs can be pointed out in an 'ex-ante' analysis as well. An important competency for entrepreneurs is dealing with changes and

uncertainties, eventually we strive for a sharp definition of this competency. Thus an important element of entrepreneurship is the personality of the farmer or grower. The entrepreneurs personal features turned out to be particularly relevant for the course and success of an agricultural enterprise, according to a recent study of 'Agricultural Mega-enterprises' (Verhaar & Hoeve, 1999). The question is whether these determining features can be defined, measured and finally trained in agricultural education. And to which extent these features are a result of general personal development, his view of life, his path of trial and error. In fact, young agricultural entrepreneurs should be trained to create their own 'learning path' and to deal with and take risks in a proper way ('have the guts').

3.3. The Entrepreneur as the Centre

The Mystery focuses on entrepreneurship and additional personal features. The entrepreneur operates within the context of his own enterprise, as a part of its environment and society (see also the external influences named in section 2). Proper use of the agricultural knowledge infrastructure helps the entrepreneur to react effectively to any new developments. Besides that he also looks for information within other sectors and disciplines. All input is translated into his strategic management, which concept is divided in strategic, tactical and operational planning. The conceptual model in figure 2 shows the entrepreneur as centre of the (knowledge) environment and external influences. (Figure 2)

Looking at entrepreneurship from another viewpoint a number of factors influence the actual behaviour, the choices and actions. With the grey ring in figures 1 and 2 we already indicated the relevance of personal features, resulting in behavioural orientations. In this study we distinguish five of those behavioural orientations, namely competitive aggressiveness, risk taking, autonomy, innovativity and pro-activity. Some additional factors mould the personality of the entrepreneur. Some are of a social (-psychological) nature, others are connected with structural features of the enterprise or the direct environment. Many farmers and growers have their own point of view concerning 'good farmership'. This opinion is summarised, in our newly developed conceptual model, under the term 'world view'. In turn this world view is moulded by factors as ideology, intuition (a factor strongly emphasised by Mintzberg *et al.*, 1998), religion, standards and values and political preference. As far as the opinions about 'good farming' are shared with others one might speak of cultural influence. Besides, such opinions have a strong regional character. In the model in figure 3 also some structural features of the direct environment as well as of the enterprise itself have been added. (Figure 3)

A survey will be done amongst a large group of farmers and growers with questions referring to the presented model supplemented with their opinions on entrepreneurship. The actual influence of the factors distinguished will be studied with a path analysis. These quantitative data will be completed with qualitative input from several case studies, including behavioural observations and personal interviews with farmers and growers.

4. Discussion and Future Study

The central issue of *The Mystery of entrepreneurship* is the question, 'what is modern agricultural entrepreneurship'. We try to reveal this mystery. Professionalism and management skills are profoundly studied and trained, but can entrepreneurship be trained as well? How is a good entrepreneur moulded? Summarising the total mystery can be brought down to the two main goals of this research project (a) definition of the competencies of a good entrepreneur and (b) a translation of these competencies in agricultural education and training. To accomplish these goals we will:

- a) study the way entrepreneurs gather information in order to make strategic choices
- b) next we will study the entrepreneur as a complete person, with competencies on the field of professionalism, management and entrepreneurship, supplemented by

- personal characteristics.
- c) this 'person' will be quantified by a task analysis of entrepreneurs: what activities make up their daily working life? Special attention will be given to the physical (logistic) and mental room left for the entrepreneurial choices, context, responsibility and risks, which all make up strategic management (cf. figure 1).
 - d) We will also study the quality level of the work done, or supervised, by farmers and grower. To do so we will make use of concepts developed under the heading of Total Quality Management. The aim, we want to stress, is not to find the 'best strategy', but to study the way strategical, tactical and operational planning are executed. Research under this heading and under (c) will be executed by the Research Station for Floriculture and Glasshouse Vegetables and by the Research Institute for Animal Husbandry. Their contribution not only allows us to make use of the sound network these institutes have with growers and farmers, it also helps us to develop concepts and (eventually: see below) training programmes that can be related to practice – thus enlarging the chance that such programmes can contribute to the development of modern agro-entrepreneurship.

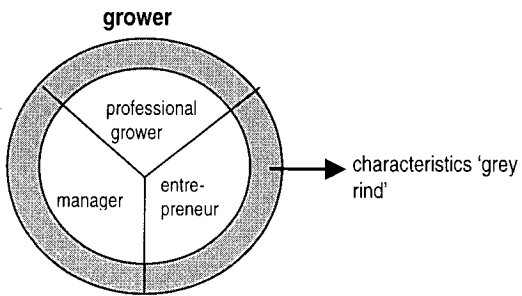
The behavioural orientations will be quantified in a survey, supplemented with qualitative input on the issue of entrepreneurship as well as the way farmers and growers deal with limiting conditions and changes. The last step will be the translation of the results to agricultural education. A limiting condition in this field is the training of the teachers themselves, who have to deal with the complex of processes between people. According to a specialist trainer, these teachers have to develop their own type of 'entrepreneurship'. Which, in the end, according to him all comes down to the development of a 'entrepreneurs' intuition – a suggestion that points at the problem whether or not you actually can develop intuition, viz. entrepreneurship.

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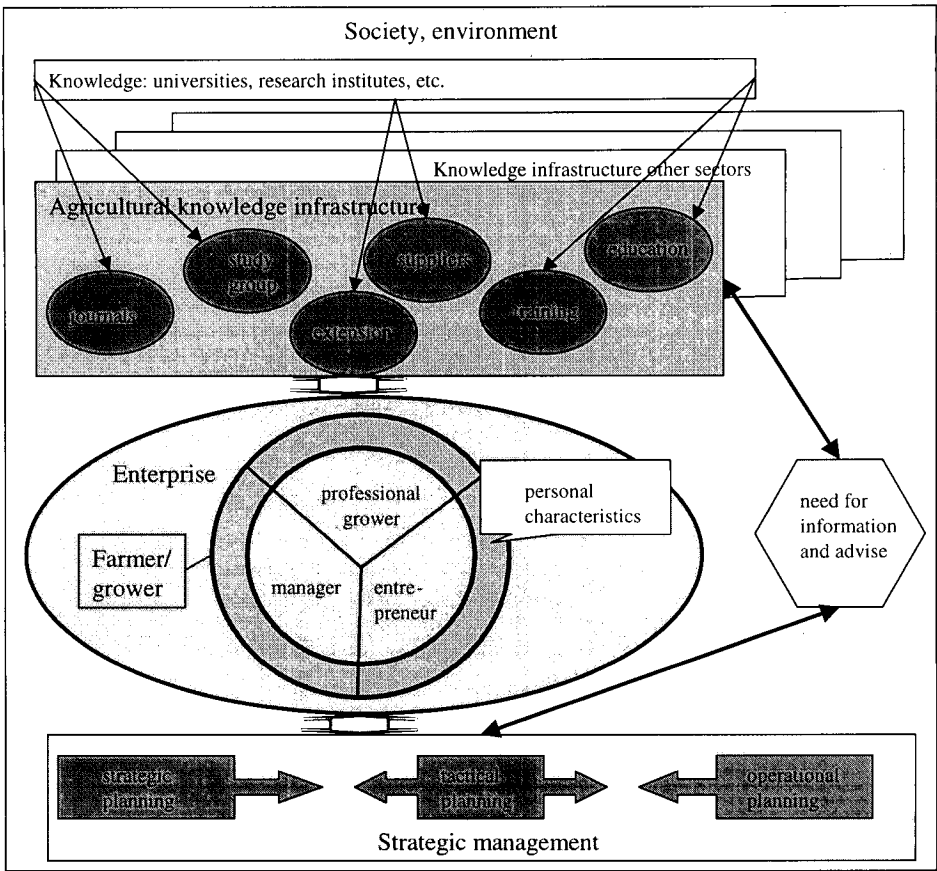
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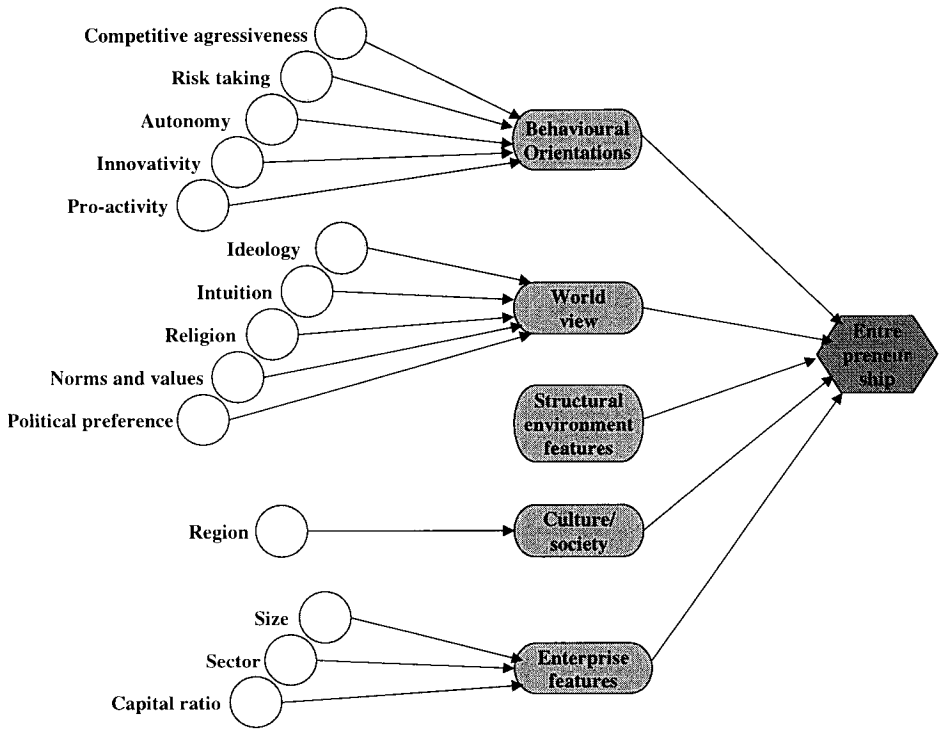
Figures



1. The grower represented as a circle, combining three competence domains and a grey area of personal charac



2. Conceptual model of the entrepreneur as the centre of (knowledge) environment and external influences.



3. Path analysis of the factors influencing entrepreneurship