

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Strategic entrepreneurship: A new frontier for small farm competitiveness

Aim

This research aims to identify and analyse the strategic resources of small farm businesses in order to explore their potentials for opportunity creation and improved competitiveness.

Applicability to the conference theme – ‘SPACE – exploring new frontiers and entrepreneurial places’

This research explores the extent to which strategic behaviours in the small farm sector can be thought of as entrepreneurial, a sector where the environmental characteristics and individual attributes do not at first seem to accord with the entrepreneurial aspects highlighted from findings from prior research. The entrepreneurship discourse may be enriched from this empirical examination that broadens the scope of entrepreneurship to atypical business environments whilst uniquely incorporating a customer perspective in its examination.

Methodology

This research followed a two stage methodological process. First, 20 in-depth interviews were undertaken with customers at farm shops and farmer’s markets. We then purposively sampled our farm business to ensure the selected farm business directly provided these benefits to customers either through a farm shop or a farmers market. From this sample frame, we recruited eighteen small farm businesses which were stratified to broadly represent the sector. This stratification yielded four small farm categories i.e. crop, livestock, dairy and poultry.

Findings

Our findings identified eleven strategic resources within the Scottish small farm sector of which four presented potentials for opportunity creation in all the farm categories.

Contribution

This research unearths opportunities within food production that may stall, or even reverse, the non-food diversification trend currently prevalent within the small farm sector. Our examination highlights the strategic entrepreneurial potentials of small farm businesses in creating opportunities that can be exploited to improve their performance. This creative process involves the endogenous development of business resources and capabilities that are strategically exploited to create opportunities. A key contribution of this research is the deployment of both firm-based and customer-based perspectives for resource deployment and value creation.

Implications for Practice

The implication of these findings for Scottish small farm businesses is that it highlights those business activities they can effectively combine to develop strategic resources that create opportunities that may improve competitiveness. Additionally, they also benefit from the proposed entrepreneurial approach which is particularly suited to their unique business environment and context.

Implications for Policy

Relevant government agencies and policymakers may also consult the finding of this research to encourage farming activities that promote food production to, hopefully, stall the possible threat to food security that is based on non-food diversification.

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Key Words: Small farm sector, diversification, entrepreneurship, strategic resources

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Strategic entrepreneurship: A new frontier for small farm competitiveness

Introduction

Diversification has become a common activity employed by small farm businesses in Scotland to augment their waning incomes from agricultural production. Their poor competitiveness in food production has encouraged diversification in non-agricultural activities; which may be a threat to long term food security. This is because non-agricultural diversified activities, e.g. wind farming, divert agricultural land from food production to non-food producing activities. Worryingly, this diversification trend has continued as farmers increasingly adopt these non-food activities to bolster their ailing profits (Scotgov, 2019).

Though this situation has generated interest in the strategies employed by small farm businesses in their food-producing diversified activities. The competitive environment of the farming sector presents a challenge for strategists seeking to implement existing entrepreneurial strategies. This is because opportunities, which are at the core of entrepreneurial strategies, are limited by two major factors in the farming sector i.e. high regulation and a large number of family businesses. High regulation limits the occurrence of opportunities by moderating those markets shocks presents new opportunities in markets. While family-centered goals limit opportunities by moderating risks taking. These factors combine to impact the successful application of existing entrepreneurial strategies that tend to rely on opportunity creation in dynamic markets and risk-taking in capturing these opportunities.

This research argues that strategic entrepreneurship may present a credible competitive approach for small businesses to improve their competitive edge despite these moderating factors. Our confidence lies in the assumption that opportunities may be strategically created and exploited by firms in business environments that are not dynamic as well as in firms that are risk-averse. We argue that opportunities, in such business environments, can be created through the identification of offerings that provide benefits to the customers of firms operating in such markets. While these opportunities can be exploited through the development of resources that deliver beneficial outcomes for the customers of these risk-averse firms. Such resources are strategic resources (Barney, 1991).

This study examines strategic entrepreneurship, which represents the intersection of strategy and entrepreneurship (Kuratko & Audretsch, 2009), as a viable competitive approach for small diversified farm businesses in the farming sector since it embodies the relevant elements of opportunity creation and opportunity capture that accommodates the limiting factor in the farming sector. As such, the aims of the study are:

- a) To unearth those benefits perceived by customers of small diversified farm business in Scotland. In particular, those businesses that diversify in activities that promote agricultural production i.e. farmers' markets activities.
- b) To identify and analyze the strategic resources of these diversified small farm businesses.

This paper is structured as follows. Firstly, we review entrepreneurial in terms of the context of this research to identify those entrepreneurial activities that may be relevant to our investigation. We then explain the investigation approach that informed our methodology. Finally, we discuss our findings and conclusions.

The Scope of Entrepreneurship activities.

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Entrepreneurs may be defined as “economic actors who seek to exploit opportunities in pursuit of wealth creation” (Barney, Alvarez and Anderson 2013 p302). As individuals, they have also been described as alert persons acutely perceptive at recognising and exploiting opportunities (Kirzner 1979). Since many opportunities in business environments usually result from shocks to the established systems e.g. changes in technology (Tushman and Anderson 1986), political and social change (Schumpeter 1939), etc. Entrepreneurial activities have also been associated with discovering and exploiting opportunities in such volatile or dynamic business environments. Thereby encouraging the personal characterisation of entrepreneurs as risk-takers (Caird 1991), extroverts (Wooten et al. 1999), over-achievers (Begley and Boyd 1986), etc.

At the firm level, the concept of entrepreneurship appears to have inherited this characterisation of risk-taking opportunism in dynamic business environments. This characterisation may have been encouraged by Miller's (1983) seminal works which conceptualized the entrepreneurial firms within the Schumpeterian economic development model. This model assumes that business environments are perpetually changing and that a firm's economic development depends on its capacity to continually renew itself in readiness to exploit opportunities in these dynamic environments (Schumpeter, 1934). On that basis, Miller described that entrepreneurial firm as one that engages in product-market innovation; undertakes risky ventures and; is pro-active in the implementation of these ventures (Miller, 1983). Fundamentally, product-market innovation concerns the opportunity creation process that directs the creation of new products or the modification of existing ones (Chirico, Sirmon, Sciascia, & Mazzola, 2011). Risk-taking concerns a firm's propensity to commits significant portions of its resources to pursue such opportunities (Migliori, Pittino, Consorti, & Lucianetti, 2019). While pro-activeness concerns the development of those processes that exploit opportunities advantageously (Kantur, 2016). These ‘entrepreneurial activities’ have dominated the discourse have broadly defined the scope of strategic entrepreneurship in contemporary literature (Anderson, Kreiser, Kuratko, Hornsby, & Eshima, 2015; Chirico et al., 2011; Kantur, 2016; Migliori et al., 2019).

The Research context

Change resistance

The farming sector in the UK has been described as a critical sector for rural economies (Phelan & Sharpley 2012; Tonner & Wilson 2015). This is because its survival and sustainability are crucial to rural economies and food security (ScotGov, 2015b). In Scotland, the economic importance of the sector stems from the fact that it directly employs around 8% of its rural workforce and accounts for the use of around 80% of its land area (NFUS, 2015; ScotGov, 2015a). These crucial functions have mandated commitments from governments, and third sector, organisations to intervene in ensuring its survival and continuity. Consequently, the business environment in the farming sector is highly regulated. One regulatory approach, introduced in the 1970s, involves the payment of subsidies to farm businesses to ensure their viability. These payments were introduced under the Common Agricultural Policy to directly supports UK (and EU) farmers (Marsh & Swanney, 1980). Thus, farm incomes are subsidized through direct payments from the government to farm businesses. These payments have served to stabilize the prices of agriculture outputs. In effect, moderating the intensity of competition within the sector.

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Though the farming sector also faces competition from outside the EU, these competitive pressures are resisted through the use of trade barriers. For instance, a recent report shows that the agricultural sector accounts for vast majority of the trade barrier imposed on foreign competitors (Malmstrom, 2018). Moreover, the reaction from firms to these competitive pressures seems to have led to an increased reliance on CAP payments as opposed to an increased competition in the sector (Barnes, Sutherland, Toma, Matthews, & Thomson, 2016; DEFRA, 2016; Kazukauskas, Newman, Clancy, & Sauer, 2013; ScotGov, 2016). Regardless, these regulatory actions have resisted changes that shock the sector and have minimized the dynamism of its business environment.

Risk Aversion

The small farm business sector in Scotland is characterised by a preponderance of family farms (Meert, Van Huylenbroeck, Vernimmen, Bourgeois, & van Hecke, 2005; Tonner & Wilson, 2015). Family farms are owned, managed and funded by principals who are related by kinship or marriage. They also encourage a higher level of solidarity & commitment, as compared to non-family farms (Calus & Van Huylenbroeck 2010). Their commitment is demonstrated by the high numbers of family members engaged in unpaid farm work in family farm businesses (ScotGov, 2016). It is suggested that these high levels of commitment are aimed at ensuring the continuity of the family farm businesses in order to realize their non-pecuniary goals. For instance, a major non-pecuniary goal is the intergenerational transfer of the farm business. This goal ensures that the ownership and control of the business is transferred from one generation to the next (Errington, 2002). Family businesses may prioritize this goal over their profit making goal in order to ensure the continuity of the family business. Such an approach may encourage an aversion for risky opportunities which may threaten the realization of this goal. Other non-pecuniary goals like historic pride in farm ownership and business independence (Key & Roberts, 2009) also encourage the continuity of the business and risk aversion.

Strategic entrepreneurship.

Nevertheless, it appears entrepreneurial activities may not be limited to dynamic business environments nor to risk-taking alert individuals and firms. In the UK, entrepreneurship was noted to be the most important aspect of farming (Phelan & Sharpley, 2012). despite the sector's resistance to change and aversion for risk. Perhaps, these businesses are realizing the fundamental goals of entrepreneurship in other ways. That is if it is considered that the fundamental goals of entrepreneurial activities are opportunity creation and opportunity capture (Barney et al., 2013).

Opportunity creation.

Product-market innovation has been noted as the entrepreneurial activity concerned with the creation of opportunities. Entrepreneurial literature commonly agreed that this entrepreneurial activity creates opportunities through the creation of new products or the modification of existing ones (Chirico et al., 2011). And, these new/modified products have to meet current or future customer demand (Lumpkin & Dess, 1996). Nevertheless, extant entrepreneurial literature does not expound on factors that inform this creation process. Here, we highlight the

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

arguments that claim that customer plays a crucial role this creation process (Priem, 2007). In other words, products are created to satisfy customer needs and demands. This crucial role of customers, as determinants of the value of products created by firms, is well recognised in other fields of study including strategic management and marketing (Grunert, Larsen, Madsen, & Baadsgaard, 1996; Ngo & O’Cass, 2009; Peteraf & Barney, 2003; Priem & Butler, 2001; Rant, 2015). The reasoning behind this view is that customer demand determines the products that perform well in markets. However, this view has not gained recognition in entrepreneurial literature. Hence it is proposed firms engaging in product-market innovation activities should first identify the benefits perceived by their target customers before the creation of new or modified products. This view is relevant to businesses in the farm sector because if the production of new or modified product is not aimed at delivering a perceived benefit; the chances of success becomes uncertain. Consequently, the risk of such product innovation is increased since firm resources are deployed in production activities with uncertain outcomes.

Opportunity capture

It has been noted that proactiveness concerns those entrepreneurial activities that develop business processes to exploit opportunities advantageously (Kantur, 2016). Miller (1983) described proactive firms as the **first to come up with proactive innovations beating competitors to the punch**. This view is consistent with Anderson et al. (2015) who argue that proactiveness does not exist without a firm actually entering new markets ahead of competitors. Similarly, Lumpkin & Dess (2001) refer to proactive firms as those that take the initiative to seize market opportunities. It was noted that this description bears similarities to opportunities gained by first-mover firms, which were described as pioneering firms that gain a head start over rivals (M. Lieberman & Montgomery, 1988). However, Lieberman & Montgomery (1988) considered firm efficiency as a prerequisite for this opportunity capturing process. Perhaps, this entrepreneurial activity also includes some form of efficiency that is necessary for exploitation of opportunities. This may be an important aspect of proactivity that is not fully considered in entrepreneurial literature. That is, those processes that ensure opportunities are efficiently captured in markets. Here, it is argued that these processes involve the (re)combination of a firms’ resources. In other-words the development of strategic resources that capture value in a firms’ market.

The Study

In essence, the development of strategic-resources is at the heart of strategic entrepreneurship. This view is aligned with the strategic orientation of resource-based perspectives who consider the possession of strategic resources as a source of competitive advantage (Barney, 1991; Hamel, 1994; Teece & Pisano, 1994; Wernerfelt, 1984). In this study, strategic resources are defined as firms’ resources (assets and competencies) that combine to deliver valuable outcomes for businesses’ customers. While their possession may lead to a competitive advantage, this paper examines the entrepreneurial activities that facilitate their development in Scottish farmers’ markets.

The Market

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Farmer- markets are markets where agricultural produce from a defined local area is sold by stallholders involved in the production process (Macleod, 2007). In Scotland, they have been around since the late 1990s (Carey, Bell, Duff, Sheridan, & Shields, 2011). These markets have also been widely described as a form of alternative food networks or AFN's (Abbots et al., 2013; Forssell & Lankoski, 2014; B. Ilbery & Maye, 2005; Watts, 2014). This description is primarily used to highlight its differences from conventional food networks used by supermarkets. Furthermore, ownership of farmers' markets in Scotland is, predominantly, vested on local communities are run, largely, on a not-for-profit basis. Macleod (2007) notes that 35% of Scottish farmers' markets are owned by local authorities; while a majority, of the rest, is owned by producer cooperatives and community associations. This ownership structure differs from other forms of value-added farming activities, like farm-shops and pick-your-own schemes - which are normally owned and operated by the farm business; and usually on a for-profit basis.

In the extant literature examining the motivations of customers in Scottish farmers markets; there are suggestions that the benefits they perceive may be different in rural and urban areas (Carey et al., 2011; B. Ilbery, Healey, Higginbottom, & Noon, 1996; B. W. Ilbery, 1991). As such, this study examines this assertion. In addition, Carey *et al.*, (2011) researches have relied on quantitative instrument for examining customer benefits in farmers' markets and calls for qualitative approaches for the examination of these market. Perhaps in order to develop a full perception of its customers' value perceptions.

The Approach.

This research followed a two-stage process in examining the aims of this study. The first stage, which examined the opportunity creation process, employed a means-end chain (MEC) model to comprehensively examine the motivation of farmers' markets customers and the underlying benefits they perceive in the agricultural products offered in those markets (Gutman, 1982).

The MEC model was developed to identify and unearth the relationship between the multiple dimensions of customer perceived values with regard to a particular offering. The outcome of this process identifies those benefits sought by customers in a hierarchy of importance to these customers. This tool was preferred because it links the perceived benefits sought by customers to the specific attributes of a firm's products. Thus, facilitating the second stage of this study, which is concerned with identifying the strategic resources that combine to deliver these product attributes. .

Methodology

Stage 1:

Selecting the farmers' markets:

The selection of markets reflected the assertions that differences may exist between rural and urban customers (Carey et al., 2011; B. W. Ilbery, 1991). As such, Ilbery's et al (1996) definitions for urban and rural markets were adopted. Thus, urban markets were markets located in urban areas or cities while rural markets are markets situated at over 20km from an

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

urban center. On this basis, two farmers' markets were selected; the first in the urban center of Glasgow and the other in the rural town of Helensburgh.

Glasgow is the most populated city in Scotland with over 285,000 residents. The city hosts one of the busiest farmers' markets in Scotland. The market is managed by the city council and opens for business on the first 4 Saturdays of each month at the Mansfield parks in the city center. It is not clear when the market was established but its management body (City property Glasgow) was incorporated in 2006.

Helensburgh is a rural tourist town in the Argyll and Bute council area. Helensburgh town has a population of around 13,000 residents and it's about 25km from its nearest urban center - Glasgow. Helensburgh FM was established in February 2015, by the Helensburgh and Lomond Chambers of commerce, as part of a regeneration project for the local authority (Helensburgh advertiser, 2015).

Customer sample selection:

In both markets, respondents were selected purposively from a random sample frame of customers that made a purchase from an agricultural produce stall. In total, six interviews were conducted on-site and another three by appointment. One of the respondents later withdrew consent, citing personal reasons, and was withdrawn from the research. The final sample size was equally split between rural and urban respondents. This sample size was considered appropriate for this qualitative research method since statistical viability and generalizability were not sought, at this point. Furthermore, the simple nature of agricultural offerings resulted in very little variation in the responses of selected respondents. As such saturation of ideas did not necessarily demand a large sample size.

Data collection and analysis

The laddering interviewing technique was employed in this research (Reynolds & Gutman, 1988). The laddering technique involves an in-depth, one to one interview with respondents, concerning a particular product or service. The aim of this approach is to link product or service attributes, to the benefits perceived by customers (Reynolds & Gutman, 1988). The techniques involve a series of directed probes, typified by 'why' questions until no new information can be divulged by a respondent. LadderUX analysis tool was used for the analysis.

Stage 2:

Selecting the farm business respondents

Respondents were selected, purposively, from a frame of producers that offer agricultural products in the above-mentioned farmers' market. This sample frame was later expanded (due to the small number of producers in these markets) by employing a snowballing technique. This technique involved asking already recruited farmers to reference other farmers that sell their offerings in farmers' markets. In total, nine farm business respondents were interviewed in the study.

Data collection and analysis

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

In-depth interview, lasting at least an hour, was used to collect data from farm business respondents. These were then analysed using the Nvivo software.

Findings

The findings show that the perceived benefit areas for opportunity creation were different for rural and urban customers. Results show that rural customers perceived ‘Taste benefits’ as a major motivation for their demand. Whereas, urban customers considered a healthier-lifestyle and support for their local community as major motivating factors for their demand; in addition to taste benefits (See figure 1). Notwithstanding, our analysis examined all the identified benefits areas for the two market segments.

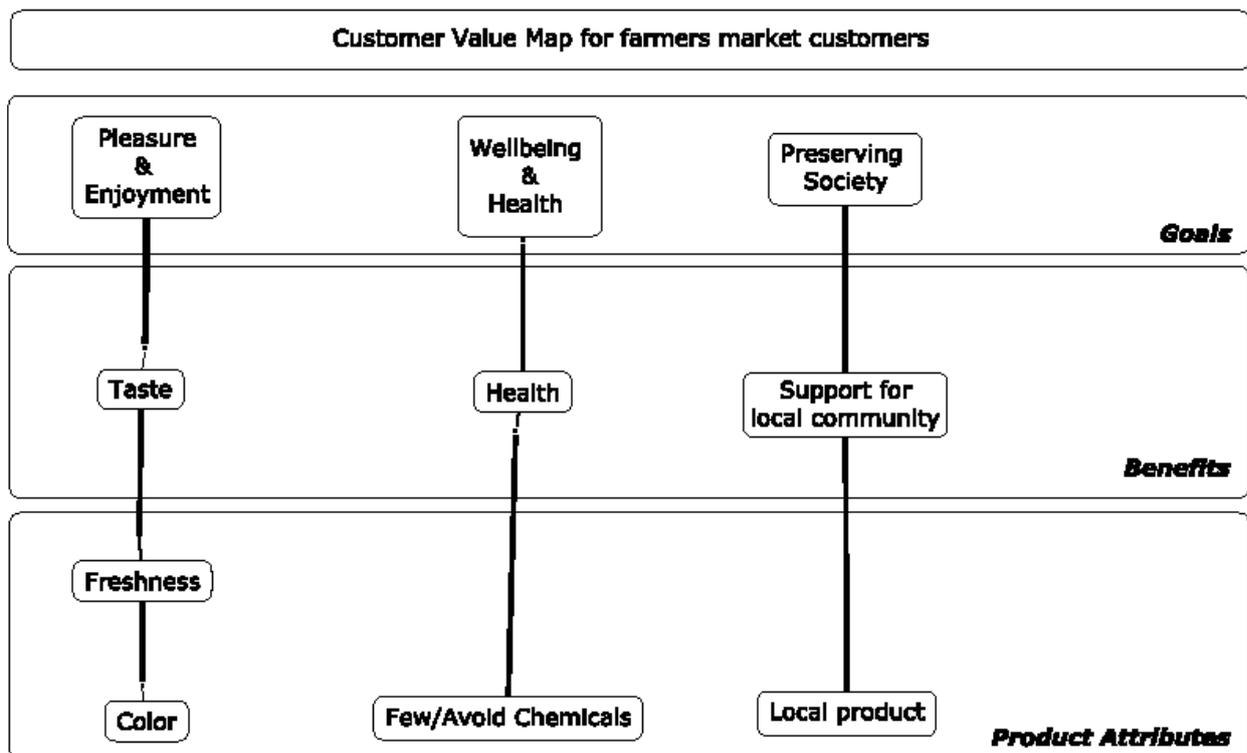


Figure 1: Customer perceived value map showing the goals of the examined customers and the corresponding customer benefits and product attributes.

Examining the opportunity-creating potentials in delivering taste benefits.

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Taste benefits were noted as the most important benefits for customers in both rural and urban markets. This benefit aids customers in achieving their pleasure goals. In the crop product category, freshness was particularly important to its customers. Perhaps unsurprisingly, as freshness has been highlighted as an important factor in assessing the quality of fruits and vegetables (Péneau et al. 2007). The term was mostly used crop products, customers, to refer to the appearance and flavour of the product.

For livestock product customers, 'taste' was mostly considered in terms of the flavour of livestock products. Responses from these customers referred to a unique flavour of meat products they buy in farmers' markets.

However, customers of livestock by-products (eggs) assessed taste by appearance. Their responses suggest a darker orange yolk colour is preferred to a lighter one.

As concerning a difference in the perceived benefits of rural and urban customers, no notable difference was deducible from the results in this category.

Examining the opportunity-creating potentials in delivering health benefits.

Agricultural offerings, mostly in urban farmer's markets, were perceived by customers, as having health benefits. This is in line with Bublitz *et al.*, (2013) argument that consumers seek to resolve health issues by eating healthily- either to improve their health or to reduce health risks. Generally, it was found that customers patronize farmers' markets to reduce health risks through the avoidance of chemicals in the food production process. Though the addition of chemicals in food was originally hailed as a value-adding activity (Aylward, 1951), it is now increasingly linked to adverse health (Apaolaza, Hartmann, D'Souza, & López, 2018). In the UK, government awareness programs highlighting the health implications of food additives (Public Health England, 2017), may have reinforced the perception that the use of chemicals in food may have adverse health effects on consumers. Perhaps customers have responded by demanding agricultural products with less chemical input e.g. organic and free-range products as typified in this statement:

I think what you are buying and putting inside your body is dead important...if you look at all these genetically modified, force-fed animals, all jagged up with all sorts of chemicals... so if you look at these guys with the free-range stuff. Apparently the information there shows it's better for us. All these lung cancers and diabetes and diseases they say comes from all these fast foods because of poorly grazed animals and poorly seated food systems. If you believe what these free-range guys are telling you... I would say it's got to be better to take into your system.

However, it was noted that some urban customers may be also buying these products for their nutritional value, which also maintains meets the health and well-being goals. These customers, of crop products, claim that farmers' market offerings are more nutritious as compared to conventionally produced offerings. This claim may be supported by empirical works that suggest production processes that use fewer or no-chemicals may deliver products with a higher nutrient content (Nowak, Nesme, David, & Pellerin, 2013). Such works argue that plants absorb a wider variety of nutrients from the preserved eco-system which is not depleted by chemical input as in conventional farming

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Examining the opportunity-creating potentials in delivering a sense of community:

Support for local communities was perceived by customers as beneficial in reaching their goal of preserving their local community, and invariably, the country; as may be noted from this response:

Because of the times that we are in, it's such an important thing, if you can spend locally. Then you are helping to sustain the wellbeing of your country. If we are talking about all these offshore banking and all the money is getting stripped out of a community so in time it depletes all the spirit of the community... a country is not different from a local community or a city or a town or a region. So if you cannot support folks that are spending money in the local area, I think that's poor. It's our responsibility.

Traditionally, location, as well as social ties & interaction, have been used to define communities (Hillary 1955). The examined customers considered the physical presence of farmers' markets, as well as business engagement in local activities, as reinforcing this perception. It was, however, noted that farmers' markets in rural areas were populated by agricultural producers who lived in the community where these markets were situated. While in urban areas, the producers did not live in the local area. It was concluded that the availability of agricultural lands in rural areas may explain this situation. However, this may have impacted on how these customers considered what was local as it was noted the rural customers emphasised the seller in their perception of local. In addition, these sellers were observed to be the actual farmer and were personally known to these rural customers. Whereas, the urban customers gave more emphasis to the source of the product rather than seller. Perhaps, because many sellers in urban farmers' markets were observed to be people not engaged in actual farming.

Examining the strategic resources for opportunity capture from Taste benefits:

Farmers appear to recognise that taste benefits are a crucial outcome for their products. An analysis of their business processes, as well as their responses, highlighted three strategic resources in the delivery of the attributes that produce the benefits of their offerings (See table 1).

Table 1: Summary of the strategic resources required to deliver taste benefits in urban and rural farmers' markets.

Product market	Delivered outcome	Strategic Resources
Crop	Taste (appearance & flavour)	Short Supply Chain capabilities
Livestock	Taste (flavour)	Meat Hanging capabilities
Livestock (including Eggs)	Taste (Appearance)	Feeding capabilities

Short supply chain capabilities: It was found that crop producers can employ this capability to deliver a good appearance and flavour in their products. It was deduced that this capability is facilitated by the timely harvesting of crop-products (when they are ripe and ready) and a quick

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

route to the market. It was noted that examined farmers possessed and deployed this strategic-resources.

Meat hanging capabilities: This capability, also called meat -aging or -maturing, was found to promote taste in livestock products in terms of their flavour. The process requires the storing of hung carcasses in a controlled environment (cold and well aerated) for a specific time period. It is argued that the improved flavour of hung carcasses is derived from enzymatic activities that break down the cell molecules (and muscles) of meat carcasses, resulting in a more flavourful and tender carcass (Perry, 2011). Though, this process has been used for centuries by butchers for preserving and tenderising meat (Dashdorj, Tripathi, Cho, Kim, & Hwang, 2016). It was observed that only one of the examined farm businesses, in the livestock category, possessed this strategic resource while the others' relied on third party agencies for its delivery.

Feeding capabilities: It was noted that this capability modifies the colour of eggs product and delivers the dark orange-like yolk colour preferred by customers as noted in this response:

If you change feed, you can pretty much change the colour of the eggs. So it's the feed. If you adjust it, you could change the colour

However, it was observed that this benefit was not fully captured by producers in this category. These producers appeared to prioritise the minimization of feed costs inputs as opposed to the delivery of this benefit.

Examining the strategic resources for opportunity capture from Health benefits:

Two strategic resources were found to be relevant in delivering the health benefits perceived by customers as shown in Table 2.

Table 2: Summary of the strategic resources required to deliver health benefits in urban and rural farmers' markets.

Product market	Delivered outcome	Strategic Resources
All	Reduced chemical in the whole production process	Organic standards capabilities
Livestock only	Reduced chemical in the feeding process	Slow growing capabilities

Organic standards capabilities: This capability, possessed by some producers, and overseen by an independent body called the Soil Association (SA), ensures a reduced chemical use in agricultural production processes for all product categories. Producers that subscribe to the organic-standard usually display the soil association's symbol to confirm their compliance and this allows the producers to charge a premium for their product.

However, it was noted that while this chemical avoidance was promoted by all producers, crop producers in urban markets did not promote the nutritional benefits sought by these customers.

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Slow growing capabilities: This capability delivers a perception of health benefits for livestock product customers. The mechanism by which this strategic resource captures this benefit is primarily by outdoor grazing of livestock i.e. the animals are allowed to roam freely on the farm. In the process, these free-roaming animals feed on grass and exercise their muscles. The term ‘slow growing’ is used to refer to the slow growth rate of these animals due to the combined impact of grass feeding and exercise. Though grass-feeding avoids the use of chemically developed feeds while exercise keeps the livestock healthy and thereby avoiding the use of medicinal chemicals; they however, stretch the maturity time of these animals.

Also, it was noted that farmers could not fully develop this strategic-resource as the Scottish weather requires that livestock are kept indoors during the winter months. Nevertheless, some farms businesses were observed to allow free roaming in large barns which may achieve the same results.

Examining the strategic resources for opportunity capture from Supporting local communities.

This strategic resource was found to be relevant in promoting the local communities where these farm businesses reside. The capability was found to be relevant to all the farm categories under examination (see table 3).

Table 3: Summary of the strategic resource required to deliver community support benefits in urban & rural farmers’ markets..

Product market	Delivered outcome	Strategic Resources
All	Local products & business	Interpersonal communication capabilities

Interpersonal communication.: This capability was found to promote a sense of community. It was noted that all the examined farms were local businesses and sourced their products within Scotland or the UK.

However, in contrast to their customers, it was observed that some producers in urban markets emphasised the personality of the farmer as opposed to the provenance of their product. Their responses suggest that urban customers considered communication with the seller to be synonymous with the product provenance.

Discussion and Conclusion

This study set out to examine strategic-entrepreneurship as a strategic option for diversified small farm businesses to improve their competitiveness in the farming sector. Thus, the relevant entrepreneurial activities were examined to identify those areas of opportunity creation and opportunity capture. We identified product innovation as the entrepreneurial activity relevant to opportunity creation. However, we add that this entrepreneurial activity must rely on the customer to determine those areas of opportunity creation that minimizes risk to small farm businesses. To this end this study identified those benefits perceived by customers of small diversified farm businesses as concerning their farmers markets offerings.

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

Similarly, we identified pro-activeness as the entrepreneurial activity that is relevant to opportunity capture. Here, we were guided by the resource-based perspective to identify the strategic resources that facilitate the efficient capture of opportunities in the small farm sector.

Our finding suggests that farm businesses in the sector can create opportunities in three major benefit areas i.e. taste, healthy-lifestyle and by supporting local communities. Further, we found that these opportunities may be captured by the deployment of six strategic resources in the examined product categories (see table 4).

Table 4: Summary of strategic resources identified in the diversified small farm sector.

No	Strategic resource	Product market category	Customer benefit area
1	Short Supply Chain capabilities	Crop	Taste
2	Meat Hanging capabilities	Livestock	Taste
3	Feeding capabilities	Livestock by-product (eggs)	Taste
4	Organic standards capabilities	All categories	Health
5	Slow growing capabilities	Livestock	Health
6	Interpersonal communication capabilities	All categories	Support for community

Notably, strategic resources, relevant to all the product market categories, were found in the delivery of health and community support benefit. However, the strategic resources that delivered taste benefits were particular to specific product categories.

In addition, our findings presented opportunities for segmentation since differences were found in the benefits sought by rural and urban customers. Most importantly, rural customer prioritized taste benefits over other benefit categories. Hence firms can prioritise their product innovation to delivering taste benefits if they only serve rural markets.

It was also noted that firms in the sector were not proactive in the exploitation of some identified opportunities. This includes the potential opportunity exploitable by developing feeding capabilities in egg production. It was noted that egg producers appear to be aware of this opportunity but were not proactive in the exploitation. Similarly, producers in urban markets were not proactive in exploiting the nutritional aspect of organic production capabilities. Rather, they focused on emphasising the avoidance of chemicals in these products.

Contribution

This research unearths opportunities within food production that may stall, or even reverse, the non-food diversification trend currently prevalent within the small farm sector. Our examination highlights the strategic entrepreneurial potentials of small farm businesses in creating opportunities that can be exploited to improve their performance. This creative process involves the endogenous development of business resources and capabilities that are strategically exploited to create opportunities (Barney, Alvarez and Anderson, 2013; Van Rensburg, 2013). A key contribution of this research is the deployment of both firm-based and customer-based perspectives for resource deployment and value creation. We extend product

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

innovation to include a customer perspective in the opportunity creation process, following persuasive arguments that the economic success of any value creation process must be based on customer needs (Priem, 2007; Barney, Alvarez and Anderson, 2013). Also, we extend pro-activity by employing a resource-based perspective to identify the strategic resources the capture opportunities in the sector. Thereby showing that market dynamism and risky opportunism may not always be a necessary condition for the realization of entrepreneurial goals.

Implications for Practice

The implication of these findings for Scottish small farm businesses is that it highlights those business activities they can effectively combine to develop strategic resources that create opportunities that may improve competitiveness. Additionally, they also benefit from the proposed entrepreneurial approach which is particularly suited to their unique business environment and context.

Implications for Policy

Relevant government agencies and policymakers may also consult the finding of this research to encourage farming activities that promote food production to, hopefully, stall the possible threat to food security that is based on non-food diversification.

References

- Abbots, E., Coles, B., Adams, M., Alkon, A. H., Carolan, M. S., Cloke, P., ... Waitt, G. (2013). Understanding alternative food networks: Exploring the role of short food supply chains in rural development. *Progress in Human Geography*, 29(3), 437–462. <https://doi.org/10.1016/j.appet.2016.04.030>
- Anderson, B. S., Kreiser, P. M., Kuratko, D. F., Hornsby, J. S., & Eshima, Y. (2015). Reconceptualizing entrepreneurial orientation. *Strategic Management Journal*, 36(10), 1579–1596. <https://doi.org/10.1002/smj.2298>
- Apaolaza, V., Hartmann, P., D'Souza, C., & López, C. M. (2018). Eat organic – Feel good? The relationship between organic food consumption, health concern and subjective wellbeing. *Food Quality and Preference*, 63(August 2017), 51–62. <https://doi.org/10.1016/j.foodqual.2017.07.011>
- Aylward, F. (1951). Chemicals in food. *Nature*, 168(4279), 778–779. <https://doi.org/10.1038/168778a0>
- Barnes, A., Sutherland, L., Toma, L., Matthews, K., & Thomson, S. (2016). Land Use Policy The effect of the Common Agricultural Policy reforms on intentions towards food production: Evidence from livestock farmers. *Land Use Policy*, 50, 548–558. <https://doi.org/10.1016/j.landusepol.2015.10.017>
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.

- Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.
- Barney, J., Alvarez, S., & Anderson, P. (2013). Forming and exploiting opportunities: The implications of discovery and creation processes for entrepreneurial and organizational research. *Organization Science*, *24*(1), 301–317.
- Bublitz, M. G., Peracchio, L. A., Andreasen, A. R., Kees, J., Kidwell, B., Miller, E. G., ... Vallen, B. (2013). Promoting positive change: Advancing the food well-being paradigm. *Journal of Business Research*, *66*(8), 1211–1218. <https://doi.org/10.1016/j.jbusres.2012.08.014>
- Calus, M., & Van Huylenbroeck, G. (2010). The Persistence of Family Farming: A Review of Explanatory Socio-Economic and Historical Factors. *Journal of Comparative Family Studies*, *41*(5), 639–660. <https://doi.org/10.2307/41604397>
- Carey, L., Bell, P., Duff, A., Sheridan, M., & Shields, M. (2011). Farmers' Market consumers: A Scottish perspective. *International Journal of Consumer Studies*, *35*(3), 300–306. <https://doi.org/10.1111/j.1470-6431.2010.00940.x>
- Chirico, F., Sirmon, D. G., Sciascia, S., & Mazzola, P. (2011). Resource orchestration in family firms: investigating how entrepreneurial orientation, generational involvement, and participative strategy affect performance. *Strategic Entrepreneurship Journal*, *5*(4), 307–326. <https://doi.org/10.1002/sej.121>
- Dashdorj, D., Tripathi, V. K., Cho, S., Kim, Y., & Hwang, I. (2016). Dry aging of beef; Review. *Journal of Animal Science and Technology*, *58*(1), 20. <https://doi.org/10.1186/s40781-016-0101-9>
- DEFRA. (2016). *Total Income from Farming in the United Kingdom First estimate for 2015*. (April), 1–14.
- Errington, A. (2002). *Handing Over the Reins: A Comparative Study of Intergenerational Farm Transfers in*. (August), 28–31.
- Forsell, S., & Lankoski, L. (2014). The sustainability promise of alternative food networks: an examination through “alternative” characteristics. *Agriculture and Human Values*, 63–75. <https://doi.org/10.1007/s10460-014-9516-4>
- Grunert, K. G., Larsen, H. H., Madsen, T. K., & Baadsgaard, A. (1996). *Market Orientation in Food and Agriculture*. Retrieved from <https://books.google.co.uk/books?id=IDDrBwAAQBAJ&pg=PA3&lpg=PA3&dq=agricultural+customer+perceived+value&source=bl&ots=rLsUD556uR&sig=HAZ3i6eKUVhBahkNfH2JpXUsTu4&hl=en&sa=X&ved=0ahUKEwjYqYSjo6HSAhXFOBQKHRZSB6w4ChDoAQhQMAk#v=onepage&q=agricultural customer perceived value&f=false>
- Gutman, J. (1982). The Means-End Chain Model based on consumer categorization processes. *Journal of Marketing*, *46*(2), 60–72.
- Hamel, G. (1994). The concept of core competence. In *Competence based competition*. New York: John Wiley & Sons.
- Hellensburgh's new farmers' market draws in crowds. (2015, February 20). *Helensburgh Advertiser*. Retrieved from http://www.hellensburghadvertiser.co.uk/news/13980695.Hellensburgh_s_new_farmers_market_draws_in_crowds/
- Hillary, G. (1955). Definitions of community: areas of agreement. *Rural Sociology*, *20*, 111–

Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.

123.

Ilbery, B., Healey, M., Higginbottom, J., & Noon, D. (1996). Agricultural adjustment and business diversification by farm households. *Geography*, *81*(4), 301–310.

Ilbery, B., & Maye, D. (2005). Alternative (shorter) food supply chains and specialist livestock products in the Scottish-English borders. *Environment and Planning A*, *37*(5), 823–844. <https://doi.org/10.1068/a3717>

Ilbery, B. W. (1991). Farm diversification as an adjustment strategy on the urban fringe of the West Midlands. *Journal of Rural Studies*, *7*(3), 207–218. [https://doi.org/10.1016/0743-0167\(91\)90085-7](https://doi.org/10.1016/0743-0167(91)90085-7)

Kantur, D. (2016). Strategic entrepreneurship: mediating the entrepreneurial orientation-performance link. *Management Decision*, *54*(1), 24–43. Retrieved from https://search.proquest.com/docview/1759323196?accountid=14116&rfr_id=info%3Axi%2Fsid%3Aprimo

Kazukauskas, A., Newman, C., Clancy, D., & Sauer, J. (2013). Disinvestment, farm size, and gradual farm exit: The impact of subsidy decoupling in a European context. *American Journal of Agricultural Economics*, *95*(5), 1068–1087. <https://doi.org/10.1093/ajae/aat048>

Key, N., & Roberts, M. J. (2009). Nonpecuniary benefits to farming: Implications for supply response to decoupled payments. *American Journal of Agricultural Economics*, *91*(1), 1–18. <https://doi.org/10.1111/j.1467-8276.2008.01180.x>

Kuratko, D., & Audretsch, D. (2009). Strategic Entrepreneurship: Exploring Different Perspectives of an Emerging Concept. *Entrepreneurship Theory and Practice*. Retrieved from <http://callisto.ggsrv.com/imgsrv/FastPDF/UBER2/PI-4496-2009-JAN00-IDSI-1&29996&1567511436.pdf>

Lieberman, M. B., & Montgomery, D. B. (1988). First-Mover Advantages. *Strategic Management Journal*, *9*, 41–58.

Lieberman, M., & Montgomery, D. (1988). First-Mover advantages. *Strategic Management Journal*, *9*, 41–58. Retrieved from https://uol.de/fileadmin/user_upload/wire/fachgebiete/entrepreneur/download/Artikel_In_ternetoekonomie/Lieberman_First_Mover.pdf

Lumpkin, G., & Dess, G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, *21*(1), 135. Retrieved from <https://search.proquest.com/docview/210951944/fulltextPDF/CE70E6DC247947A3PQ/1?accountid=14116>

Lumpkin, G., & Dess, G. (2001). Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle. *Journal of Business Venturing*, *16*(5), 429–451. [https://doi.org/10.1016/S0883-9026\(00\)00048-3](https://doi.org/10.1016/S0883-9026(00)00048-3)

Macleod, M. (2007). *The origins, operations and future of farmer's markets in Scotland*.

Malmstrom, C. (2018). *Report from the Commission to the Parliament and the council on Trade and Investment Barriers*. Retrieved from http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

Marsh, J., & Swanney, P. (1980). *Agriculture and the European community*. London: George

- Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.
- Allen.
- Meert, H., Van Huylenbroeck, G., Vernimmen, T., Bourgeois, M., & van Hecke, E. (2005). Farm household survival strategies and diversification on marginal farms. *Journal of Rural Studies*, 21, 81–97. <https://doi.org/10.1016/j.jrurstud.2004.08.007>
- Migliori, S., Pittino, D., Consorti, A., & Lucianetti, L. (2019). The relationship between Entrepreneurial Orientation, Market Orientation and Performance in University Spin-Offs. *International Entrepreneurship and Management Journal*, 15(3), 793–814. <https://doi.org/10.1007/s11365-017-0488-x>
- Miller, D. (1983). THE CORRELATES OF ENTREPRENEURSHIP IN THREE TYPES OF FIRMS. *Management Science*, 29(7), 770. Retrieved from <https://search.proquest.com/docview/205848703?OpenUrlRefId=info:xri/sid:primo&accountid=14116>
- NFUS. (2015). Farming Facts | NFUS. Retrieved from National farmers Union of Scotland website: <http://www.nfus.org.uk/farming-facts>
- Ngo, L. V., & O’Cass, A. (2009). Creating value offerings via operant resource-based capabilities. *Industrial Marketing Management*, 38(1), 45–59. <https://doi.org/10.1016/j.indmarman.2007.11.002>
- Nowak, B., Nesme, T., David, C., & Pellerin, S. (2013). Disentangling the drivers of fertilising material inflows in organic farming. *Nutrient Cycling in Agroecosystems*, 96(1), 79–91. <https://doi.org/10.1007/s10705-013-9578-5>
- Péneau, S., Brockhoff, P. B., Escher, F., & Nuessli, J. (2007). A comprehensive approach to evaluate the freshness of strawberries and carrots. *Postharvest Biology and Technology*, 45(1), 20–29. <https://doi.org/10.1016/j.postharvbio.2007.02.001>
- Perry, N. (2011). Dry aging beef. *International Journal of Gastronomy and Food Science*, 1, 78–80. <https://doi.org/10.1016/j.ijgfs.2011.11.005>
- Peteraf, A., & Barney, J. (2003). Unraveling the resource-based tangle. *Managerial and Decision Economics*, 24(4), 309–323. <https://doi.org/10.1002/mde.1126>
- Phelan, C., & Sharpley, R. (2012). Exploring entrepreneurial skills and competencies in farm tourism. *Local Economy*, 27(2), 103–118. <https://doi.org/10.1177/0269094211429654>
- Priem, R. (2007). A Consumer Perspective on Value Creation. *Academy of Management. The Academy of Management Review*, 32(1), 219–235. <https://doi.org/10.5465/AMR.2007.23464055>
- Priem, R., & Butler, J. (2001). Is the RBV a Useful Perspective for Strategic Management Research? *Academy of Management Review*, 26(1), 22–40. <https://doi.org/10.5465/AMR.2001.4011938>
- Public Health England. (2017). Health matters: obesity and the food environment - GOV.UK. Retrieved May 29, 2018, from Guidance website: <https://www.gov.uk/government/publications/health-matters-obesity-and-the-food-environment/health-matters-obesity-and-the-food-environment--2>
- Rant, M. B. (2015). Competing Via Creation of Distinctive Organizational Competences : “ How To Do It .” *Ekonomski Vjesnik/Econviews - Review of Contemporary Business, Entrepreneurship and Economic Issues*, 28(2), 143–159.

- Obi, A., Wilson, J., & Tonner, A. (2019). *Strategic entrepreneurship: a new frontier for small farm competitiveness*. Paper presented at Institute for Small Business and Entrepreneurship Conference, Newcastle, United Kingdom.
- Reynolds, T. J., & Gutman, J. (1988). Laddering theory, method, analysis, and interpretation. *Journal of Advertising Research*, 28(1), 11–31. <https://doi.org/10.1017/CBO9781107415324.004>
- Schumpeter, J. A. (1934). *The theory of economic development*. Massachusetts: Harvard University Press.
- ScotGov. (2015a). Farmland Use. Retrieved from <http://www.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/agritopics/farmuse>
- ScotGov. (2015b). Rural Scotland Key Facts 2015. In *A National statistic Publications for Scotland*. Retrieved from <http://www.scotland.gov.uk/Resource/Doc/324955/0104729.pdf>
- ScotGov. (2016). *Economic Report on Scottish Agriculture*. Retrieved from <http://www.gov.scot/Resource/0050/00501417.pdf>
- Teece, D., & Pisano, G. (1994). The dynamic capabilities of firms: An introduction. *Industrial and Corporate Change*, 3(3), 537–556. <https://doi.org/10.1093/icc/3.3.537-a>
- Tonner, A., & Wilson, J. (2015). Farm retailing: motivations and practice. *The International Journal of Entrepreneurship and Innovation*, 16(2), 111–121. <https://doi.org/10.5367/ijei.2015.0181>
- Watts, D. C. H. (2014). Geography : Alternative Systems of Food Provision. *Progress in Human Geography*, 1(2005), 22–40.
- Wernerfelt, B. (1984). A Resource based view of the firm. *Strategic Management Journal*, 5(2), 171–180. <https://doi.org/10.1002/smj.4250050207>