

ANALYSIS OF THE COMPETENCY ON AGRIBUSINESS ACTIVITIES IN DEVELOPING AND DEVELOPED COUNTRIES

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ABSTRACT

The agribusiness sector is an important sector in maintaining food stability in a country. Therefore, the agribusiness activities that are mostly carried out in rural areas are very important to be considered. The decline in productivity in this sector will not only cause food scarcity, but it will also cause losses and even bankruptcy for farmers. Therefore, important agribusiness competencies are required by Agribusiness actors, both those in developing and developed countries. This research was conducted with the approach of literature review data through the method of Narrative Literature Review or NLR. The aim is to analyze the findings of agribusiness competencies that affect agribusiness activities in developing and developed countries. The researcher divides the competency category based on its factors, into four categories, i.e. existing competency resources, supports competency, managerial competency, and innovation and adaptation technology competency. The findings and discussions show that agribusiness actors in developing countries are very strong in the category of existing competency resources, in contrast to agribusiness actors in developed countries, where they almost have the overall competency of agribusiness.

Keywords: Agribusiness, Agribusiness Competency, Rural Competency, Rural Development.

INTRODUCTION

Agribusiness activities are inseparable from the role of entrepreneurship in the countryside, which has an added value due to the relationship of rural social-spatial categories (Korsgaard et al., 2015). In the commercialization of agricultural products, raising the possibility of traditional labor management practices does not apply as they once did (Kelly, 2008). In the context of "Rurality" itself, there is a stereotype about the character of the population in it, where Rurality is very tied to geography and culture. This makes the creation of various stereotypes about the population's character and activities (Pusateri, 2013). The agribusiness sector is one of the jobs for them, where owners and workers contribute to develop their living standards (Otache, 2017). This condition is supported by the competencies owned by both the owner and employees. As explained by Brito & Zapata (2017), competencies are needed to build and improve the company's performance in the future or as a foundation for the company's competitiveness in the long term. Meanwhile, the competitiveness of companies in the short term is determined by the quality and performance of the products or services they offer. Hence, rural

development policy has become a special concentration both in developed and developing countries, in which its policies and activities are influenced by external and internal factors, these factors affect directly and indirectly to the community in it (Do, et al., 2016). Although there are many stereotypes in the character of society in them, the role of agribusiness, which is mostly in rural areas, is an important point for food security and empowerment of surrounding communities, so it can help the country's economy. Agribusiness competencies in this research are referring to the attitude, habits, and expertise that are the characteristics of agribusiness actors in supporting their business performance. Researchers are trying to analyze more deeply the competencies in the agribusiness sector by analyzing the literature review of agribusiness based on multiple case study in developing and developed countries.

LITERATURE REVIEW

Agribusiness Activities

Agribusiness activities are economic or entrepreneurial activities that focus on the agricultural sector. In addition, this activity can open jobs and plays an important role in maintaining food security in a country, both developing and developed countries. Therefore, the productivity in agribusiness activities including the level of competition is very important to note (Babu & Shishodia, 2017). Agribusiness activities are more developed in rural areas, as explained in Pusateri's (2013) study, rural areas have geographical characteristics which are surrounded by supporting natural resources, but they have limitations in accessing supporting public facilities. This is also discussed in Müller & Rommel's (2018) and Boadu et al. (2018) studies, where both have shown that the drive to form farmer communities or organizations is based on existing human capital and existing farmers' specialties. The study also shows that farmers who are members of the community or organization are young and old farmers, while middle-aged farmers tend to start the agribusiness industry independently.

Agribusiness Competency

Competence is a character that can be brought to the vision, which consists of behaviors, attitudes, and skills. In the context of entrepreneurship, competency can be a driving force for the creation of company growth and establishment of a new company (Mitchelmore & Rowley, 2010; Naminse & Zhuang, 2018). In the context of agribusiness, the development of entrepreneurial skills is needed for farmers to develop their business to succeed. Rural areas as mentioned by Pusateri (2013) as having social ties, are important points for communities where they can find, assess, and take advantage of new opportunities. Based on the study of Adhikari et al. (2018) on the factors that influence rural communities in agribusiness activities, the researchers grouped these factors into three categories, including existing resource factors (natural, human, cultural), supporting factors (corporate social, financial, political, built) and managerial entrepreneurship (product, process, marketing, supply chain, strategic planning).

RESEARCH METHOD

This study uses a qualitative data approach with Narrative Literature Review (NLR), in which the NLR plays a role in disclosing information about the review process, although not as detailed as the Systematic Literature Review (Hochrein et al., 2015). Secondary data is taken

through various literature sources relating to agribusiness competencies in developing and developed countries (United Nation, 2014). The analysis is carried out by using key words in the literature, which are classified into competency categories, which have been discussed in the Literature section. There is a lot of literature that discusses agribusiness both in the developed and developing countries. But there is considerably little literature that discusses the comparison of the performance of agribusiness competencies of developed and developing countries. The results of this study will provide an overview of the performance of agribusiness competencies and can be one of the contributions to further research. The limitation of this study is regarding agribusiness competency activities, including the plantation sector, in Ghana (yam); Indonesia (coffee); and France (grape), then the livestock sector, in America and the United Kingdom, and agriculture in Thailand (rice fields).

RESULTS

Based on the findings of NLR, it was found that there were several factors that led to different agribusiness competencies between developed and developing countries. This is due to the differences in policies, natural conditions, resources, entrepreneurial social, firm's management skill (Adhikari et al., 2018), technology adaptation and information technology adaptation (Morris & James, 2017) capital access, market access, and quality and quantity of production (Ashby et al., 2009; Fadhil, et al., 2018; Sitthisuntikul, et al., 2018). Another decisive factor is the access to education, and training and experience in the agribusiness sector (Boadu et al., 2018). Table 1 shows about the findings; by using L, M, H code to show the level of owned agribusiness competency, i.e. Low, Medium, or High. The researchers used the literature related to agribusiness in developing countries, like Ghana (Boadu et al., 2018), Indonesia (Fadhil et al., 2018), and Thailand (Sitthisuntikul et al., 2018); and developed countries, like in the America (Harrington, 2018), France (Giannetti, 2004), and UK (Morris & James, 2017).

| | Competency Factors | Developing Country | Developed Country |
|--|-----------------------------------|---------------------------|--------------------------|
| Existing resources factors | | | |
| • | Natural resources competency | H | H |
| • | Human resources competency | Medium to High | H |
| • | Cultural competency | H | H |
| Supporting factors | | | |
| • | Entrepreneurial social competency | H | H |
| • | Financial competency | Low to Medium | H |
| • | Political competency | L | Medium to High |
| • | Built competency | L | H |
| Managerial factors | | | |
| • | Product competency | M | H |
| • | Production process competency | M | H |
| • | Marketing competency | L | Medium to High |
| • | Supply chain competency | L | H |
| • | Strategic Planning | L | H |
| Innovation and Technology factors | | | |
| • | Innovation competency | M | H |
| • | Adaptation technology competency | L | H |

The findings in this study indicate that agribusiness actors in developing countries still have the obstacles in improving the capability of agribusiness competencies in supporting factors, managerial factors, and innovation and technology factors. This is due to limited information and the ability to improve their agribusiness performance internally and externally.

DISCUSSION

From the NLR that has been done, the following is an overview of agribusiness competencies in both developing and developed countries.

Agribusiness Activity and its Competency in Developing Country

Formal education, farming experience, access to extension services, and farm household income are factors that can influence farmers in acting on agribusiness activities. This is as stated by Boadu et al.'s, (2018) study of agribusiness activities in Ghana, where farmers are using high-quality or certified seeds to increase their productivity. Unlike Fadhil et al., (2018) study, for Gayo, Indonesian coffee commodities of Aceh, it is shown that the coffee farmers are lacking to fulfill the export standardization; it leads to the not optimal amount of production and physical quality of the Gayo coffee, which greatly affects the taste of coffee. In Thailand, as revealed by Sitthisuntikul et al., (2018), it was shown that Thailand implemented a sufficient economy in their agribusiness activities. In this concept there is moderation, justice, and risk management by considering the use of knowledge and moral principles applied to safeguard the economy. In practice, they optimize the land they have and the concept of the agriculture they used. Agribusiness competencies are needed to respond to external changes, such as climate and damage to agricultural inputs such as land, water, and forests.

Agribusiness Activity and its Competency in Developed Country

In agribusiness activities in developed countries, such as America, land is very limited. Therefore, many farmers do urban farming because they are closer to potential customers, even with limited land. Urban farming activities are carried out by giving a touch of rural names, and even become tourism potential in urban and rural areas (Harrington, 2018). Agribusiness commodities can become the identity of a country, such as champagne which is a French identity. Champagne is a high-quality alcoholic beverages (Viot & Passebois, 2010), that born from the French culture to show the identity of certain social groups (Giannetti, 2004). Meanwhile, the adoption of greening policies in the UK has put a lot of pressure on farmers, especially in the agricultural sector. This policy requires farmers to meet environmental standards, which allows for a negative impact on agricultural productivity. Another concern is that the gap between urban and rural economies includes digital inequalities, such as social media. Like the cattle farm sector in Wales, where farmers or business owners limit themselves to adopting information technology for agribusiness activities, it is influenced by internal factors (mindset) and external (environment). They need to be stimulated, one of which is through education level (Morris & James, 2017).

CONCLUSION

The findings in Table 1 show the performance of agribusiness competencies in both developed and developing countries. The performance of agribusiness competencies in developing countries requires a lot of improvement. The limitations owned by the agribusiness

actors in the developing countries, such as lack competency in financial management, turn in agribusiness actors have financial problems. Then, the low level of marketing competence makes agribusiness actors in the developing countries rely more on third parties like brokers to market their products. Thus, it is difficult for most agribusiness actors in developing countries to achieve maximum profit margins, such as in the Gayo coffee case study in Indonesia (Fadhil et al., 2018). Therefore, a strategy that can be applied is to implement the strategies carried out by the agribusiness actors in the developed countries. Such as by implementing marketing strategies, as applied by Champagne in France (Giannetti, 2004), by applying product standardization and marketing regarding Champagne identity in France, as well as those carried out in the America (Harrington, 2018), where agribusiness activities can be used as tourism potential, both in rural areas and in urban farming, and both of them relies heavily on natural resources. The main difference seen between the agribusiness activities in both of them is that the developed countries have clear standardization on agribusiness products produced and prioritize in existing value added. This research can contribute to the studies on the agribusiness sector and agribusiness competencies in future research.

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