

Strategic management process for diverse farming businesses in the North West Province

D van der Merwe

12795291

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Supervisor: Prof CJ Botha

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ABSTRACT

Agriculture plays a vital role towards shaping the economy of South Africa. The role of agriculture in South Africa in ensuring a strong food supply has been greatly emphasised by the department of Agriculture in their *Strategic Plan for South African agriculture*. The agricultural environment in South Africa changes just as much as any other corporate environment and has forced farm owners and managers to start thinking holistically.

With the many challenges facing farming businesses in South Africa, including constantly rising input costs, an unwell labour market, discouraging political talks about land reform, price fluctuations for crops and very limited help with financing, it is essential that all activities and resources of the farming business be strategically planned and prioritised. It is essential that all individuals involved in managing the farming business understand where the farm is going, how it plans to get there, and the problems and/or opportunities that lay ahead.

This study focused on agricultural businesses in the North West Province of South Africa, and the main objective was to establish whether a well-research strategic plan could benefit farm owners and farm managers to produce more successful results.

The research objective was, firstly, to review the literature and determine the key enablers required for successful strategy implementation in the agriculture industry and to investigate different strategy management frameworks to give a structure to allocate resources effectively in order to ensure long-term achievement of goals that are set out in the strategy. The second objective of the study was to analyse the findings of the empirical study and make recommendations on how to improve on the strategy of the farming business.

The study report is concluded by making recommendations and encouraging farm owners and managers to include strategic planning into their business for farming success.

Key words: strategy, strategic management model, farm management, planning, farming business, farm success.

ACRONOMYNS

ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa
BCG	Boston Consulting Group
CIMA	Chartered Institute of Management Accountants
DAFF	Department: Africulture, Forestry and Fisheries
EPEST	Economy Political Ecological Social Technological
SSWFOT	Strengths Successes Weaknesses Failures Opportunities Threats
SWOT	Strengths Weaknesses Opportunities Threats
MSA	Manufacturing Skills Australia

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CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 Introduction

Any company needs a strategy that encompasses business methods and competitive moves that managers use to grow their business, attract new customers, compete successfully, conduct operations and achieve the targeted levels of organisational performance (Hough *et al.*, 2011:5).

Strategy forces one to think forward and proactive and keeps you focused on where the organisation is currently, where the organisation wants to go and how the organisation is going to get there (Hofstrand, 2007). Strategic management is more than just planning, implementing and control, it is a state of mind and an attitude (Gene *et al.*, 1990:17).

Agriculture plays a vital role towards shaping the economy of South Africa (Mbatha, 2014). The role of agriculture in South Africa in ensuring a strong food supply has been emphasised in both commercial farming and small-scale subsistence farming (ACTESA, 2012).

The agricultural environment changes just as much as any other corporate environment and has forced farm owners and managers to start thinking holistically (Whole New Concepts LLC., 2011). Thus they have to think in terms of a system, the process or as in integrated whole. Farming businesses too have the challenge to find competitive strengths within the total process (Nell & Napier, 2009:3).

With the many challenges facing farming businesses in South Africa, including input cost that is constantly rising (Planting, 2013), an unwell labour market, discouraging political talks about land reform (Kalaba, 2011), price fluctuations for crops and very limited help with financing (DAFF, 2001), it is essential that all activities and resources of the farming business be strategically planned and prioritised (Fleming, 1991). It is essential that all individuals involved in managing the farming business

understand where the farm is going, how it plans to get there, and the problems and/or opportunities that lie ahead.

1.2 Problem statement

Management of any organisation needs an action plan for running the business and conducting operations. Thus, creating a strategy comprises the following (Hough, 2011:5):

- a managerial commitment to pursue a specific set of actions in growing a business;
- conducting operations;
- improving the financial and market performance of the organisation; and
- competing successfully.

Therefore, the company's strategy is all about –

- answering the 'how' questions that arise in the business;
- the way management intends to grow the business;
- the way management will build a loyal clientele and outcompete rivals;
- the way each functional piece of the business will be operated; and
- the way performance will be boosted (Hough, 2011:5).

Tappin (2009) further explains that strategy is the organisation's road map to improve financial performance and achieve a competitive advantage. Tappin goes on and states that organisations that plan strategies are more successful than those that do not. No strategic planning means there is no direction, which puts a company at risk.

Management-driven farming requires planning as its essential ingredient (Neal, 1993). Neal argues that time dedicated to planning the business is an investment with a high return and that strategic planning of all farming activities clarifies thoughts, creates opportunities, reduces stress and changes reactive farming into proactive farming. Neal found that organising and planning his farming business comprised a structured and strategic activity. To formulate a plan, one needs a vision

of the future and goals (Hom, 2013). These are created and shaped by both personality and the environment you work in (Neal, 1993).

Strategic planning is used to integrate all the functional areas of the business by facilitating the communication between the managers of all levels (Jurevicius, 2013). Therefore a strategic plan will help farm owners and managers to achieve the vision and mission and goals of the farming business.

1.2.1 Problems and challenges that can be overcome using a strategic management model

Management strategy should include the effective allocation of resources. Successful strategic management involves ensuring that all company resources perform effectively (Duggan, 2014). Duggan (2014) further explains that strategy also teaches managers how to manage competing priorities, how to schedule work efficiently and how to ensure that work flows more smoothly from one process to the next. By establishing a comprehensive strategic plan for allocating workers and supplies, one can avoid costly mistakes that could lead to overruns and delays (Duggan, 2014).

Achieving the goals and strategies developed by management will depend (upon other things) on setting up procedures that are clear and easy to track and the correct work systems (Howden, 2014). Planning and procedures play a crucial role in embedding sustainability into the day-to-day operations of a business and providing relevant information and training will ensure that all employees understand what is expected of them (MSA, 2014). The MSA (Manufacturing Skills Australia) further explains that procedures need to be applied consistently to ensure efficiency and that it is only possible when employees are committed to apply procedures correctly and when management allocates time and equipment for them to do so. Improving sustainability in the organisation does not have to mean making big, expensive changes to standard operating procedures; by working smarter sustainability can also be achieved (Howden, 2014).

Decisions are made at different levels in the hierarchy of an organisation (CIMA, 2009):

- strategic decisions have long-term effects and influences, which affect and shape the direction of the organisation as a whole;
- tactical decisions help to implement the strategy of the organisation;
- operational decisions relate to the day-to-day running of the business and are mainly routine.

Decision-making is a fundamental skill for any successful manager. It is very difficult to make decisions. Decisions require considering multiple, often conflicting, strategic objectives, which are difficult to balance, particularly in the presence of risk and uncertainty (LSE, 2014). Effective strategic business decisions bring together the right resources for the right markets at the right time. Timing is therefore crucial (CIMA, 2009).

According to Goodman (2001, cited by Wuolanne, 2010), communication is strategic. Many company executives consider communication as purely tactical in both its nature and its execution. Integrity and credibility are the pillars of strategic communication (Goodman, 2004:202). Communication is an integral part of the corporate strategy, especially in the information-driven age (Goodman, 2004:201). Strategic issues must include an orientation of communication to both the organisation's priorities as well as toward the external environment. Cornelissen (2008, cited by Wuolanne, 2010) argues that corporate strategy is concerned with the overall purpose of the organisation whereas communication strategy is a functional strategy concerned with how corporate communication can be used as a tool to develop a communication program to support the objectives of corporate strategy.

1.3 Research objectives of the study

The research objectives of the study were divided into primary and secondary objectives.

1.3.1 Primary objective

The primary objective of the study was to review the literature and determine the key enablers required for successful strategy implementation in the agriculture industry, and to investigate different strategy management frameworks to give a structure to

allocate resources effectively in order to ensure long-term achievement of goals that are set out in the strategy.

1.3.2 Secondary objective

The secondary objective of the study was to analyse the findings of the empirical study and make recommendations on how to improve on the strategy of the farming business.

1.4 Scope of the study

The field of the study and the geographical area where the study took place are discussed below.

1.4.1 Field of the study

Agriculture plays a vital role towards shaping the economy of South Africa (Mbatha, 2014). The role of agriculture in South Africa in ensuring a strong food supply has been emphasised in both commercial farming and small-scale subsistence farming (ACTESA, 2012). South Africa has a remarkable range of vegetation types, biodiversity, climates and soil types (WWF, 2010). South African weather conditions, which are diverse and range from tropical to Mediterranean, allow for a large variety of commercial and food crops to be cultivated (ACTESA, 2012). South Africa has become food-sufficient and a net exporter of agricultural products (Du Plessis, 2014). The income of farmers and producers is estimated at over 90 billion South African Rand (ACTESA, 2012).

1.4.2 Farming in North West Province

The province of North West lies in the north of South Africa on the Botswana border, fringed by the Kalahari Desert in the west, Gauteng to the east, and the Free State to the south. The landscape comprises largely flat regions with scattered trees and grassland. North West has some of the largest cattle herds in the world at Stellaland, while the areas around Rustenburg and Brits are fertile, mixed-crop farming land (IDC, 2014). This province is an important food basket in South Africa. Maize and sunflowers are the most important crops, and North West is the major producer of white maize in the country (SouthAfrica, 2012).

1.5 Research methodology

The study consisted of two phases, namely a literature study and an empirical study.

1.5.1 Literature study

A literature study of what a strategic management framework consists of was done. The literature gave guidance to how a strategic plan can be drawn up and what should be done to implement the strategic plan. The information gathered in the literature study was used to compose a questionnaire to be sent out to farmer owners and managers in North West.

Sources that were consulted to give a complete review of the topic were:

- website articles;
- scientific journals;
- books;
- textbooks; and
- reports on previous research done.

1.5.2 Empirical research

The empirical study phase followed a quantitative research methodology and comprised the research design, the study population and data sample, the pilot testing of the questionnaire, distribution of the questionnaire, data collection and data capturing plus statistical analysis.

1.5.2.1 Construction of questionnaire

After the completion of the literature study, the information gathered was used to compose a questionnaire to determine the way farm owners and managers plan their business activities.

1.5.2.2 Study population and sample

The study population consisted of all farm owners and farm managers in North West. The sample (n=68) consisted of male and female farm owners and farm managers between 23 years of age and 76 years of age in North West.

1.5.2.3 Data collection

Data were collected by means of the questionnaire. Questionnaires were delivered by hand whilst discussing the research in general with the respondents. This was done in the Skuinsdrif, Groot Marico and Zeerust areas of North West. Some questionnaires were emailed to the chairpersons of different North West agricultural farmers' associations with the consent of Agri North West executive head, Boeta du Toit.

1.6 Limitations to the study

The sample was small. After different methods had been used to send out questionnaires, only 68 completed questionnaires were received to do the empirical study. Time, technology and distance might have been three of the possible reasons why only 68 questionnaires were received. The questionnaire was sent to the chairpersons of local farmers' associations of Agri North West who then distributed the questionnaire to their members. Some of the members of the local farmers' associations complained that they had no way of returning the completed questionnaires.

1.7 Layout of the study report

This study report will be divided into the following chapters:

Chapter 1: Nature and scope of the study

This chapter deals with the background of the study, the problem statement and the research objectives of the study.

Chapter 2: Literature review

This chapter deals with the literature review of different strategy management frameworks.

Chapter 3: Research findings

This chapter reports on the analysis of the data collected via the questionnaires.

Chapter 4: Conclusion and recommendations

This chapter provides recommendations based on the literature and empirical study and concludes the study.

1.8 Chapter summary

An introduction was given of the theme of the study which is the strategic management of diverse farming business in the North West Province in South Africa. The problem statement of the study was given namely every management team should have an action plan and management driven farming requires planning as its essential ingredient to improve financial performance and achieve a competitive advantage. Strategic planning is used to integrate all the functional areas of the business by facilitating the communication between the managers of all levels. The strategy should include the effective allocation of resources, setting up procedures that are clear and easy to track. It must have sustainability worked into the plan whilst communication is an integral part of the corporate strategy. The research objective of this study was divided into a primary and secondary objective. The primary objective of the study was to review the literature and determine the key enablers required for successful strategy implementation in the agriculture industry. The second objective of the study was to analyse the findings of the empirical study and make recommendations on how to improve on the strategy of the farming business. The field of the study is agriculture in the North West Province of South Africa. The study consisted of two phases, namely a literature study and an empirical study. After the completion of the literature study, the information gathered was used to compose a questionnaire and data were collected by means of the questionnaire. The sample size was small and this resulted in a limitation to the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reports on the literature about strategic management. The purpose of the literature study is to explain the term **strategic management** and get a better idea of what it entails. Based on the literature study, an attempt will be made to show what the requirements are for this type of management to be successful. Different frameworks were observed to determine a workable plan that can be implemented in diverse farming businesses. The results of the quantitative research were measured against the best framework for farming businesses. The idea was to bridge the gap between the reality and theory so that farm owners and managers could use a workable plan to achieve greater success in their business.

2.2 Definitions

The meaning of strategy, strategy management, strategic thinking and strategy execution and implementation are discussed below.

2.2.1 Definitions of strategy

The word **strategy** originates from the French word *stratégie* and from Greek *stratēgia* which means 'generalship' (Collins dictionary, 2014). The concept of strategy has been borrowed from the military and was adapted for use in business (Nickols, 2012). According to the online Oxford dictionary (2014), a strategy is "a plan of action designed to achieve a long-term or overall aim".

The online Business Dictionary (2014) provides two definitions for strategy, firstly strategy is "A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem" and secondly strategy is "The art and science of planning and marshalling resources for their most efficient and effective use".

In 1980 Michael Porter (2008:xxiv) defined strategy as the "... broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals" and the "... combination of the *ends* for which the firm is striving and the *means* by which it is seeking to get there".

Bruce Henderson (1981, cited by the Boston Consulting Group [BCG], 2011) stated that strategy is practiced whenever an advantage is gained by planning the sequence and timing of the deployment of resources while simultaneously taking into account the probable capabilities and behaviour of competition.

According to Ehlers and Lazenby (2007:2), a strategy can be defined as an effort or deliberate action that an organisation implements to outperform its rivals.

Strategy is concerned with how the business of individual will achieve its aims, not with what those aims are or ought to be, or how they are established. If strategy has any meaning at all, it is only in relation with some aim or end in view (Nickols, 2012).

From the above definitions it is clear that a strategy per se is not a stagnant document or policy, but rather a dynamic, flexible framework that takes all possible outcomes in consideration when conducting day-to-day operations to meet planned means in any organisation.

2.2.2 Definitions of strategy management

Strategic management is defined as the "set of decisions and actions that result in the formulation and implementation of plans designed to achieve an organisation's objectives" (Pearce & Robinson, 2005:3). Furthermore, Ehlers and Lazenby (2007:2) define strategic management as –

the process whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies which are aligned with the environment, in order to achieve the long-term objectives of the organisation and therefore gain a competitive advantage through adding value for the stakeholders.

For strategies to be successful, organisations should bridge the gap between the current situation and the predicted situation of an organisation (Van Rensburg, 2004:12). Organisations have to bridge this gap the keep up with the ever-changing environment (Rossouw *et al.*, 2003:2). Nell and Napier (2009:5) agree and state that this can be achieved by identifying, selecting and implementing the best strategies.

2.2.3 Definition of strategic thinking

Strategic thinking is a process that uses innovation, strategic planning and operational planning to develop business strategies that are more likely to be successful than an ordinary business management plan (*Haycock et al.*, 2012). Strategic thinking is used to create a strategy that comprises a coherent, unifying and integrative framework for decisions especially about the direction of the business and resource utilisation (Stanleigh, 2011).

2.2.4 Definition of strategy execution and implementation

Strategy execution is defined as the practice of bringing a strategy to realisation (BTS, 2013). It is the “practice of translating, communicating, coordinating, adapting and allocating resources to a chosen strategy, while managing the process of strategy implementation” (Pedersen, 2008:29).

According to Rowley and Sherma (2001:202), strategy implementation comprises actions taken to put the organisation’s positioning plans into action by changing their mission, changing their environment, or changing their resources, capabilities, and internal operations.

2.3 Strategic management

The origin of the idea of strategic management are discussed below together with some of its components such as the strategic formulation process, strategic agility, leadership and management, organisation, people and skills, policies, processes, technology and systems.

2.3.1 Background

Early in the 1960s, Harvard Business School professors, Ken Andrews and C. Roland Christensen, proposed that strategy could be a potentially powerful tool for linking business functions and assessing an organisation's strengths and weaknesses compared to its competitors' strengths and weaknesses. General Electric emerged as a pioneer in the area of corporate strategic planning and developed a high-powered staff of full-time strategic planners to direct GE's planning efforts. McKinsey and Company helped organise GE into strategic business units and developed strategic plans for each unit (Mendenhall, 2007).

Strategic planning was a credible development and the business community was excited about the concept, but later experience with strategic planning led to mixed results (Bhatia, 2009). In a small percentage of organisations, strategic planning restored their profitability and became an established part of the management process. However, a substantial majority encountered a phenomenon, which was named paralysis by analysis. Strategic plans were made but remained unimplemented, and profits/growth continued to stagnate. Claims were increasingly made by practitioners and some academics that strategic planning per se did not contribute to the profitability of firms (Bhatia, 2009).

Strategic management comprises ongoing processes and activities that organisations use to coordinate and align resources and operations systematically with mission, vision and strategy throughout an organisation (BSI, 2014). These processes and activities transform the static plan or framework into a system that provides strategic performance feedback through to decision-making and allows the plan to grow and evolve as situations, requirements and circumstances change. Strategy execution is thus the systematic implementation of a strategy (BSI, 2014).

2.3.2 Strategy formulation

The complete concept of strategic management embraces a combination of strategic planning, planning of organisational capability and effective management of resistance to change, typically caused by strategic planning (Bhatia, 2009).

Thenmozhi (2013:5) defines strategy formulation as –

[the] development of long-range plans for the effective management of environmental opportunities and threats in light of corporate strengths and weaknesses. It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. It begins with situational analysis.

Goldman *et al.* (2010:15) agree that the formulation process reflects a sequence of steps and an integrated process. It includes undertaking an internal environmental analysis, developing a vision, mission and goals, determining the organisation's internal profile, undertaking an external environmental analysis and creating a competitive advantage.

2.3.2.1 Strategic agility

Lewis *et al.* (2014:60) use the term “strategic agility” and propose that strategic agility enables organisations to be flexible in responding to complex, global and dynamic environments. Lewis *et al.* acknowledge that achieving strategic agility is challenging. Organisations need formal strategic planning and strategic flexibility to build new required capabilities. Formal strategic planning sets out the framework for an organisation's competitive advantage (Chaston, 2012:218). Through strategic planning, commitments are made to allocate relevant resources to build core competencies and provide the groundwork from where firms can learn and adapt. Strategic agility also requires flexibility as well as quick and innovative responses to the ever-changing dynamic competitive environment (Economist Intelligence Unit, 2009). Achieving strategic agility can also mean to attend to numerous demands at once, and these demands can often be contradictory, for example innovation vs. efficiency, global demands vs. local markets and financial outcomes vs. social missions (Lewis *et al.*, 2014:60).

2.3.3 Leadership and management

All organisations are moving in a more competitive environment that changes quickly and this requires the ability to transform information into insight in response to market movements and is core to sustainability (Economist Intelligence Unit, 2009).

Organisations seem to stagnate and lose their way without leadership. For leaders to be effective they have to display essentially unchanging core beliefs and behaviours, whilst simultaneously adapting their style to fit into the culture of the organisation within which they find themselves (Sheard & Kakabadse, 2001:130).

Leadership complements management, it doesn't replace it. Management is about coping with complexity whereas leadership is about coping with change (Kotter, 1999). Leadership is both a dynamic competence and a relational process. Leadership entails the ability to identify and leverage opportunities and threats, and to exploit internal and external competencies. Leaders set a vision for their followers, foster commitment to its execution, and fuel imagination in the process of meeting rising and often contradictory demands (Lewis *et al.*, 2014:59).

Ehlers and Lazenby (2007:8) state that discipline and a sense of responsibility to the management team of the organisation are the results of the management team being involved in strategic planning and taking full responsibility for its strategic plans and implementation that are in line with good corporate governance, which assures that the process is managed and controlled in a disciplined way.

2.3.4 Organisation, people and skills

Pedersen (2008) suggests that one of the most important elements of the strategy execution process is the translation of strategy into manageable actions and steps. Ehlers and Lazenby (2007:8) propose that strategy which is communicated effectively will lead to better understanding by all employees involved. An understanding of where an organisation is heading, why and how the organisation does certain things in a specific way will make all stakeholders and the workforce more committed (Barrows, 2014). Rohm and Jalili (2013) agree that the key to alignment is to make organisation wide strategic elements, actionable to all employees so that they will understand the connection between the purpose of the organisation and their day-to-day work.

Employees have to take ownership of certain strategies (Barrows, 2014). If employees are involved in the planning process of some strategies, they will be committed and empowered to implement those strategies successfully and to take ownership of those strategies (Ehlers & Lazenby, 2007:8).

2.3.5 Policies, processes, technology and systems

Strategy bridges the gap between policy and tactics, and the way that organisations incorporate technology into the workplace has a significant impact on their success or failure (David, 1999:490). Mendenhall (2007) suggests that the comprehensive goal of organisations is to be able to sustain successful products and processes and at the same time to be able to see, evaluate and develop disruptive technologies. In order to spot future disruptive technologies and to be able to plan to combat them, a company would need to (Mendenhall, 2007):

- invest resources in the scanning for and development of disruptive technologies;
- be willing to enter into the market when a potentially disruptive technology emerges;
- be adept at developing new ways of analysing emerging markets; and
- be aware that improving their product and increasing its price, create vacuums at the lower price range for emerging technologies to enter.

The above will help firms cope with technological discontinuities to anticipate market trends and disruptions (Lewis *et al.*, 2014:60).

An organisation is a sociotechnical system that consists of, on the one hand, people and their tasks, and on the other, the organisation's culture, structure and environment. All of the above are affected by and will affect technology. Technology underpins nearly every business process today, it can help those in the workplace improve their use of critical data (Economist Intelligence Unit, 2009). Information technology will have a vital influence on the efficiency of management, social relationships and the structure of the organisation. Information systems must produce useful and relevant information for management (David, 1999:488).

2.4 Strategic management in agriculture

The agricultural environment changes just as much as any other corporate environment and has forced farm owners and managers to start thinking holistically (Nell & Napier, 2009:3). Farm owners and managers thus have to think in terms of a

system, the process or an integrated whole. Farming businesses too have the challenge to find competitive strengths within the total process. Strategies then need to be developed in a way that the competitive advantage is secured. This is done when farm owners and managers start to think strategically (Nell & Napier, 2009:3). Van Reenen and Marais (2013:2) agree that there are two basic requirements for farm management, namely the establishment of farming objectives and rational decision-making to achieve those objectives.

It is Olson's view (2011) that strategic management is very similar to the process of setting goals and that strategic management completes the goal-setting process by assessing the different environments within which the farming business finds itself, the shape of the farm and choosing and implementing the strategies to achieve the goals of the farmer. It will be beneficial for farmers to develop a business strategy, to know what the farming business wants to be, where the farming business wants to go, and how the farm wants to do business (Barrows, 2014).

The process of strategic planning and management can only be successful if it is approached from a multidisciplinary angle and executed in an integrated manner (Nell & Napier, 2009:3).

2.4.1 Farm management: definition

Farm management can be defined as the "planning, implementation and control of farming activities and a rational decision-making process to achieve the objectives of the particular farming enterprise" (Van Reenen & Marais, 2013:4).

Kadelac (1985:4) defines farm management as "the science of allocating land, buildings, machinery, operating capital, and labour among different crops, livestock, production systems, buying systems, and selling systems so that goals such as income, income stability, risk minimization, as well as personal goals, are attained".

2.4.2 Strategic management in farming businesses

Nell and Napier (2009:5) modified the definition of strategic management so that it is focused on the farming business, and say,

Strategic management is the integration of all the business functions of the farm, so that the total farming system is managed proactively, and in harmony with the internal and external environment to achieve the strategic vision and long-term goals of the farming business.

Olson (2011) is of the opinion that strategic management is a relevant approach to support farmers in managing their farms and in coping with the current agricultural challenges and proposes that a good strategic management process will benefit a farming business by:

- stimulating thinking about the future;
- making farmers more alert to the winds of change, new opportunities and threatening developments and to anticipate these;
- providing clear statements of the farm's goals and objectives;
- helping to coordinate strategy-related decisions;
- creating a more proactive management posture;
- encouraging the allocation of resources, capital and staff to areas that will support the chosen strategy and help attain strategic and financial objectives;
- allowing for the constant adjustment of the business model to produce sustained success in a changing environment; and
- helping farmers to become better decision-makers.

2.5 Strategy management frameworks

The most important characteristic of a strategic management model is that it offers managers the opportunity to develop strategic thinking and establish what comprises the competitive forces of the farming business (Goldman *et al.*, 2010:51).

Stages suggested by various authors (Fleming, 1991; Hough *et al.*, 2010:19; Goldman *et al.*, 2010:15) in the strategic management process are essentially the same; however, the sequence of stages varies to a certain extent.

2.5.1 Nell and Napier's 11 stages for a strategic management model

Components and stages in the strategic management model of Nell and Napier (2009:8), namely 'the journey to farming success', serve as steps in the process of strategic planning and management:

1. Vision, mission and culture
2. External environment
3. Internal environment
4. Analysis and choice
5. Long-term goals
6. Strategies
7. Short-term objectives and actions
8. Functional tactics
9. Key implementation policies
10. Implementation of actions
11. Strategic control and repositioning

Each of these steps describes in depth what is expected of the management team of the farming business, what they must do to manage their business strategically and properly, but for the purpose of this research only the key requirements are highlighted.

Strategic management is a dynamic process and can change rapidly. At every stage it may be required to go back and adjust or modify the outcomes of previous stages in the journey (Nell & Napier, 2009:11).

In Figure 2.1 the eleven stages in the journey to farming success is visually illustrated. The stages follow chronologically in the holistic and strategic planning of a farming business.



Figure 2.1: The journey to farming success (Nell & Napier, 2009:8)

Figure 2.1 visually illustrates the eleven stages in the journey to farming success and each stage will be discussed below.

- **Stage 1: Mission, vision and culture**

In this stage, the type of farming business is defined, an indication is given of why it exists and how it operates, how the farming business is going to be managed, in which direction the owner and management team wants to go with the farming business, who the customers are. The strategic vision is the visualised final destination of the journey to farming success. The strategic management process is

an ongoing, dynamic process and therefore the strategic vision can be changed at any time during the journey (Nell & Napier, 2009:9).

Together with the vision and mission, it is important to describe the culture and values of the farming business. The vision and mission statement, together with the values and culture of the farming business helps all people involved in the farming business understand the rules of interaction within and beyond the workplace. Values also portray the image of a farming business (Nell & Napier, 2009:26).

The motivation of the labour force in the farming business is achieved by communicating the mission statement very clearly, and stipulating the long-term advantages of striving together towards the vision (Nell & Napier, 2009:17).

- **Stage 2: Analysis of the external environment of the farming business**

In this stage, the farming business management team focuses on analysing the immediate external environment outside the boundaries of the farm. The external environment is the community and province within which the farm is situated. It is also necessary to investigate the local, national and international business environments. The aim of this stage is to observe and identify everything that can create an opportunity which can contribute to the success of the business, or pose as a threat that can potentially hurt the farming business (Nell & Napier, 2009:39).

Nell and Napier (2009:44) suggest using an analytical tool to analyse the external environment called the EPEST approach. The EPEST approach refers to the analysis of the economic environment, the political environment, the ecological environment, the social environment and the technological changes in the external environment.

- **Stage 3: Analysis of the internal environment of the farming business**

In this stage, the strategic management team of the farming business returns to the farm to gather data to compile a comprehensive description of all the resources to the disposal of the farming business. The total performance and all abilities need to be set out and be analysed. This includes the technical, human resources, physical, economic and financial levels (Nell & Napier, 2009:9).

To do this, Nell and Napier (2009:86) suggest that the management team uses the SSWFOT analysis method. Traditionally, the SWOT analysis was used to identify the strengths and weaknesses, but as the agriculture environment quickly changes, it has become essential to identify the successes and failures as well.

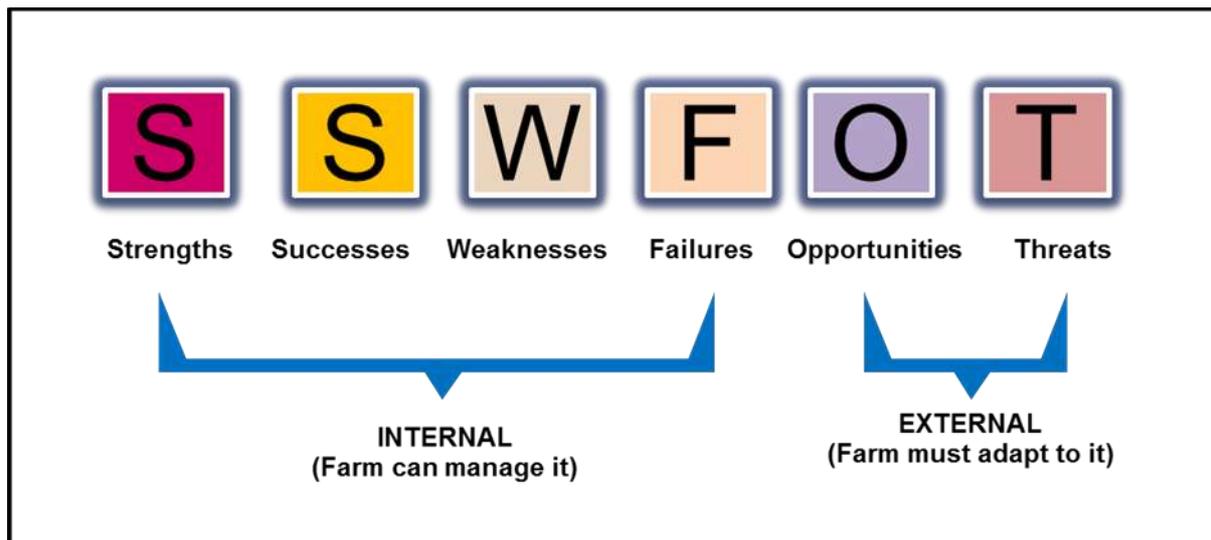


Figure 2.2: SSWFOT strategic instrument (Nell & Napier, 2009:122)

- **Stage 4: Strategic analysis and choice – developing a competitive advantage**

The information gathered during stages 2 and 3 will provide all the information needed to make a success of the rest of the stages in the ‘journey to farming success’. In this stage, it is important to identify the most viable opportunities for and strengths of the farming business that will contribute most to achieving the vision that was set out in stage 1. The management team must plan how to extend and maintain the key strengths and, if possible, how to convert the major weaknesses into strengths (Baldwin, 2014). Creativity and innovation are necessary during this stage to improve the returns of the farming business (Nell & Napier, 2009:122).

- **Stage 5: Long-term goals**

This stage entails formulating and setting long-term goals for the farming that are in line with the mission and vision that were set out in stage 1. The long-term goals set the basis for determining short-term objectives in stage 7. The long-term goals compel management to assess current decisions in respect of long-term results.

Priorities must form the core in the formulation of the long-term goals (Nell & Napier, 2009:157). Areas to pay attention to (Nell & Napier, 2009:150) include the following:

- the growth of the farming business;
 - business performance (in other words wealth creation and operating performance);
 - sustainability;
 - family or personal achievements; and
 - succession.
- **Stage 6: Strategies**

During this stage, the farming business management team plans how they are going to achieve the long-term goals. Different strategies have to be considered and the pros and cons of each strategy must be weighed up against each other. The essence of strategy is choosing a unique and valuable position in the agricultural system (Nell & Napier, 2009:163).

According to Pearce and Robinson (1997, cited by Nell & Napier, 2009:171), a farming business requires a practical strategy for production, marketing, financial, management and human resource activities.

▪ **Stage 7: Short-term objectives and actions**

The short-term or annual objectives and actions are identified and set during this stage. The strategic farming plan must be written down, defining exactly what the farmer and/or management team has to do, when they have to do it, and at what standard they must do it (Nell & Napier, 2009:10). It is important that all members involved in the farming business be involved in the process of formulating objectives (Nell & Napier, 2009:184). Short-term objectives and actions give all members who have to carry out the actions a better understanding of their role in achieving the strategic vision of the farming business. It also gives a coordinated management focus and suggests the actions to achieve goals (Nell & Napier, 2009:188).

▪ **Stage 8: Functional tactics**

Information gathered during stage 3 is used in this stage to determine if there are adequate resources available to carry out the functional tactics needed to achieve the strategic vision (McKay, 2001). The management team investigates the possibility of restructuring, refocusing or re-engineering their business activities and management processes to achieve success (Nell & Napier, 2009:195).

Management must ensure that there are adequate resources available to execute the following (Nell & Napier, 2009:196):

- productions tactics;
- marketing tactics;
- financial tactics;
- product research and product development tactics; and
- human resource development tactics.

▪ **Stage 9: Key implementation policies**

Implementation policies will have two distinctive objectives and give the farming business additional management capacity:

- policies to empower the workforce responsible for implementing the various actions (Barrows, 2014); and
- financial and operational policies for executing the plans.

Within each implementation action there are policies, rules, regulations and procedures which require the attention of management (Nell & Napier, 2009:230).

▪ **Stage 10: Implementation of actions (strategies)**

Before the management team of the farming business can proceed to implement the strategies, it is necessary that all eight of the managerial components for successful implementation are in place and studied thoroughly. The implementation of the strategies and short-term objectives and actions will flow fluently if all eight managerial components are attended to (Nell & Napier, 2009:250).

The eight managerial components for successful implementation will be visually illustrated below in figure 2.3.

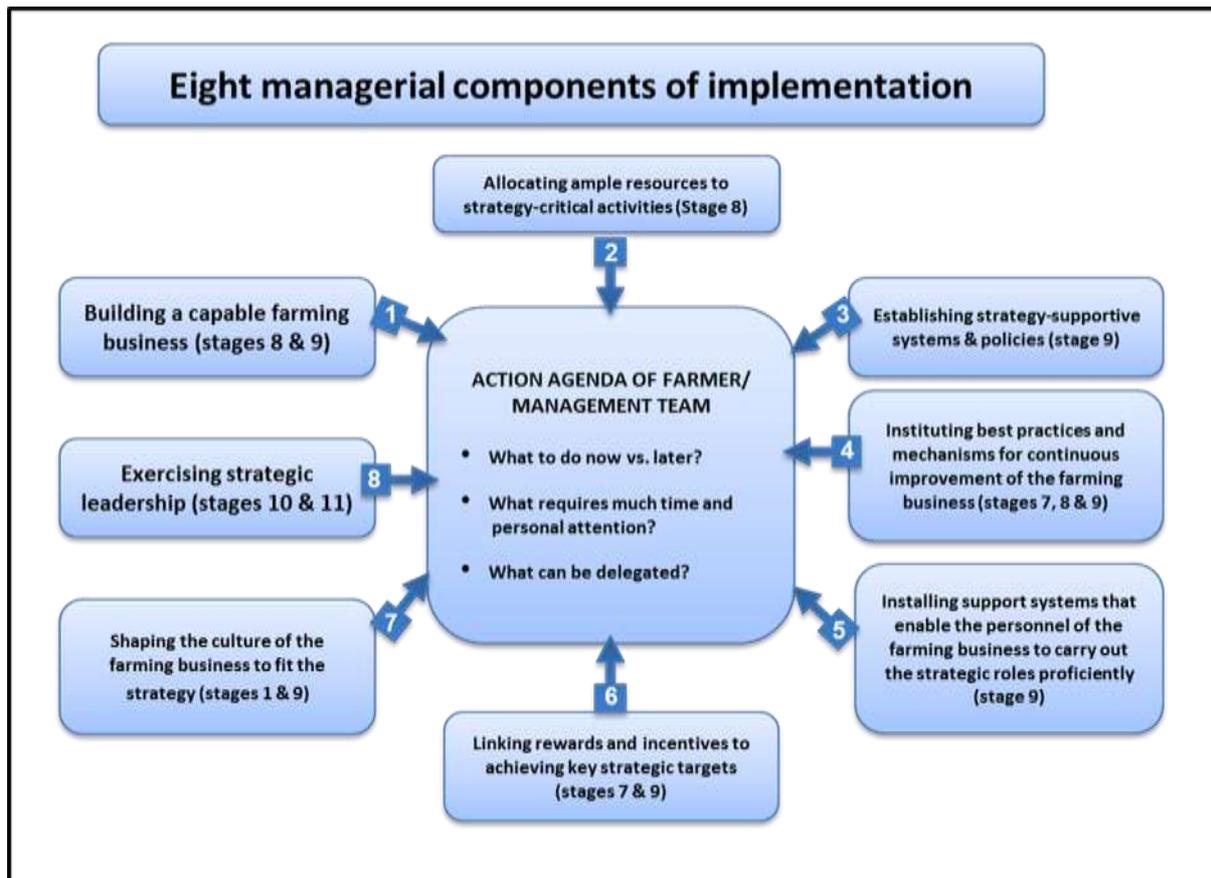


Figure 2.3: Managerial components of implementation (Tompson & Strickland, 1998)

▪ **Stage 11: Strategic control and repositioning**

This stage determines how the farming business can be restructured and/or repositioned to realise even greater successes. The road to strategic control and repositioning is challenging and swift responses to changes in the agricultural business environment, as well as to new opportunities in the external environment, are required. Strategic control and repositioning are live, dynamic processes, which require dynamic management with a clear vision for a successful future (Neill & Napier, 2009:263).

2.5.2 Van Reenen and Marais's farm management process

The development of a well-planned, practicable and acceptable farming strategy or strategies is a guide to proper financial planning (Van Reenen & Marais, 2013:125).

The farm management process is visually illustrated in figure 2.4 below.

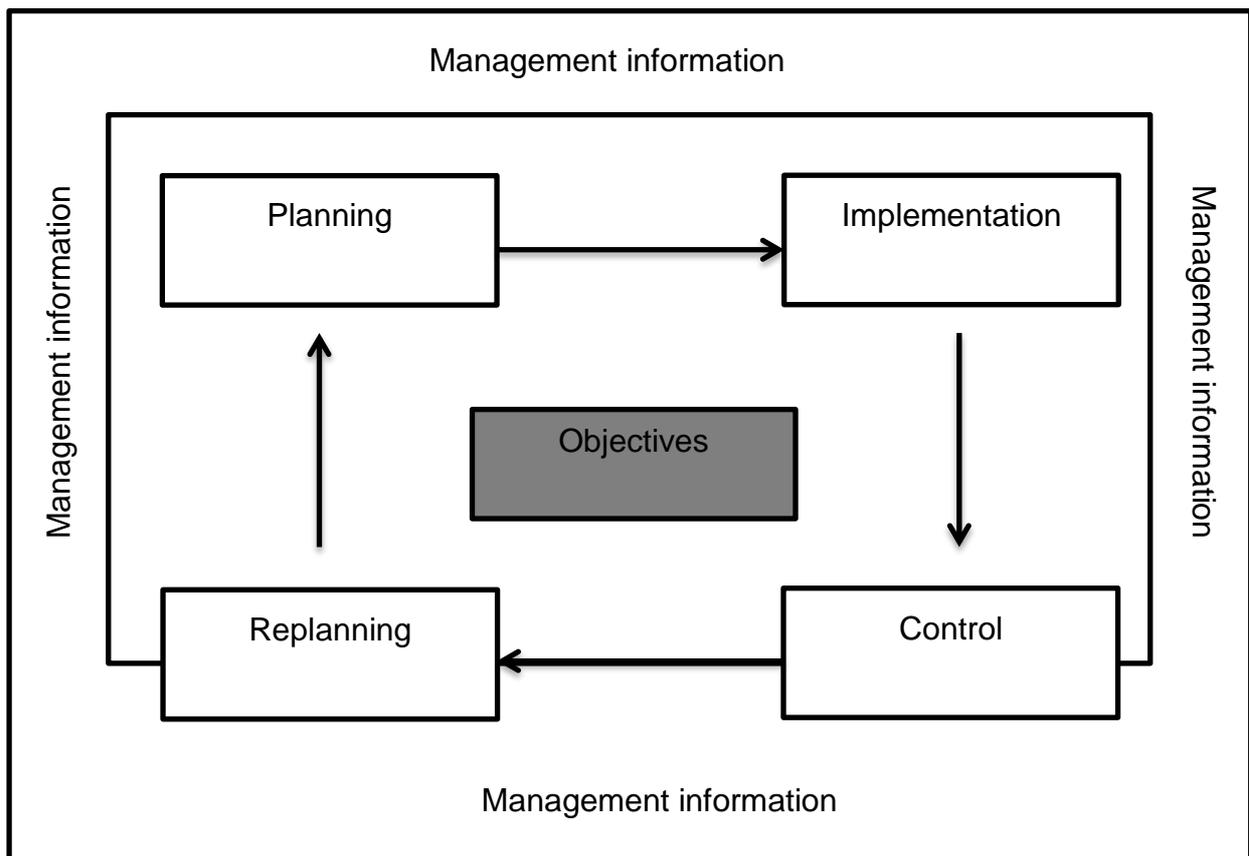


Figure 2.4: The farm management process (Van Reenen & Marais, 2013:3)

Rational or goal-orientated decision-making is a scientific process that consists of the following steps and integrates with the farm management process as shown in figure 2.4 (Van Reenen & Marais, 2013:2):

1. identifying and defining problems or opportunities (control);
2. collecting, organising and analysing relevant facts, information and opinions (planning);
3. developing and specifying alternative solutions (planning);
4. the choice of the most satisfactory solution (making the decision) (planning);

5. implementing the decision (implementation);
6. accepting responsibility for the decision and its consequences (implementation); and
7. observing and evaluating the outcome of the decision (control).

2.5.3 McKinsey's seven-S framework

McKinsey's seven-S (7S) framework is a model of organisational effectiveness that is still popular in the business environment despite its age. The framework was developed in the early 1980s by Tom Peters and Robert Waterman, two consultants working at the McKinsey & Company consulting firm (Bryan, 2008). The seven-S is a framework for analysing organisations and their effectiveness and looks at the seven key elements that must be aligned to make an organisation successful (Gopal, 2010).

Waterman *et al.* (1980:17) confirm that the 7S framework is useful in both diagnosing the causes of organisational malaise and in formulating programmes for improvement. It can be used in a wide variety of situations where an alignment perspective is useful, for example, to help –

- improve the performance of a company;
- examine the likely effects of future changes within a company;
- align departments and processes during a merger or acquisition; and
- determine how best to implement a proposed strategy.

The McKinsey 7-S framework is visually illustrated in figure 2.5 below.

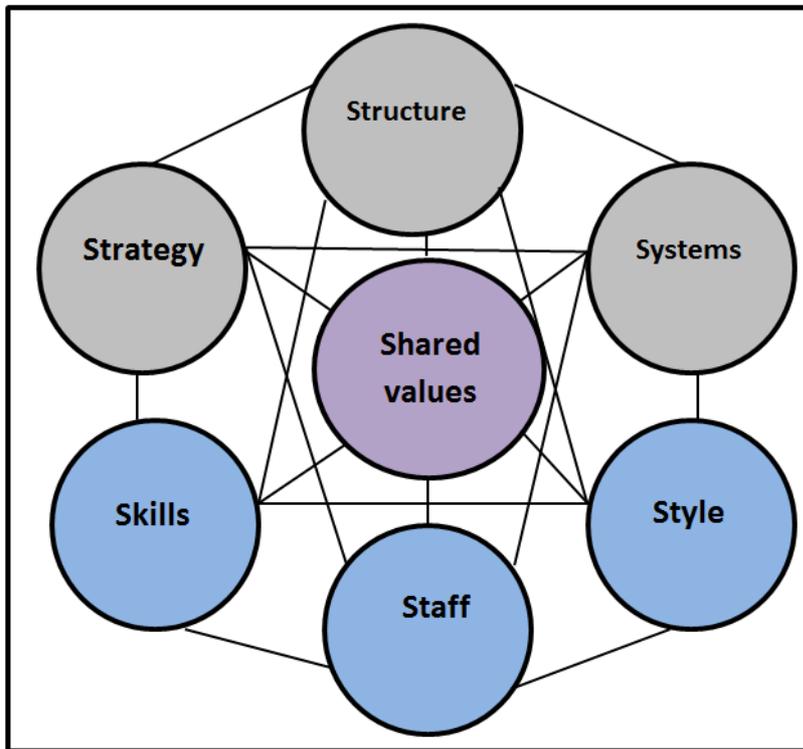


Figure 2.5: The McKinsey 7S framework (Bryan, 2008)

Figure 2.5 visually illustrates the McKinsey 7-S framework and shows the diversity of factors that influence an organisation's ability to change and its proper mode of change, suggesting that different elements can lead to change. All the variables are interconnected. Progress in one area is not possible without progress in other areas. The shape of the diagram is significant as it has no starting or ending point. There is no one element or factor that is the driving force in changing an organisation at a particular point in time. In some cases, the critical variable might be strategy; in others, it could be systems or structure (Waterman *et al.*, 1980:18).

In the section below, the elements are discussed (Gopal, 2010; Waterman *et al.*, 1980):

- **Strategy:** the plan an organisation formulates to reach identified goals, and a set of decisions and actions aimed at gaining a sustainable advantage over the competition.
- **Structure:** the way the organisation is structured and who reports to whom. The structure also shows how tasks are divided up and integrated. It describes the hierarchy of authority and accountability in an organisation.

- **Systems:** the flow of daily activities and core processes and procedures that staff members engage in to get the job done.
- **Shared values:** this is the interconnecting centre of McKinsey's framework. Also called 'superordinate goals'; the core values of the organisation that are evidenced in the corporate culture and the general work ethic.
- **Style:** the cultural style of the organisation; shows the way key managers behave in achieving the organisation's goals, the way managers collectively spend their time and attention, and the way they use symbolic behaviour. It also represents the leadership approach of top management and the organisation's overall operating approach.
- **Staff:** the number and types of personnel within the organisation and the way organisations develop employees and shape basic values; the organisation's people resources and how they are developed, trained and motivated.
- **Skills:** the dominant distinctive capabilities and competencies of the personnel or of the organisation as a whole.

2.6 Chapter summary

This chapter reviewed the literature as it relates to strategic management. Three strategic management frameworks were reviewed. This chapter also reviewed definitions of the relevant strategy terminology and investigated strategic management in terms of organisation, people and skills, leadership and management and policies, systems, processes and technology.

This chapter also reported on the literature on investigation of the use of strategic management in farming businesses. From the literature study it became evident that there is ample literature about strategic management but the use of this practice or concept in farming business is very limited.

The framework by Nell and Napier, 'the journey to farming success', was used during the current research to determine an appropriate questionnaire for the purpose of establishing whether farming businesses make use of strategic management.

CHAPTER 3

RESEARCH FINDINGS

3.1 Introduction

In Chapter 1, background information was provided on the relevance and importance of strategic planning in diverse farming businesses. Chapter 2 focused on the literature review of strategic planning in general and also specifically in the agricultural sector. The information gathered from the literature review assisted in the compilation of the questionnaire that was used to measure the effectiveness of strategic planning in diverse farming businesses.

In this chapter, the gathered information is discussed, describing the scientific procedures followed for this study. A questionnaire requiring general and specific information about planning procedures of diverse farming businesses was completed by both farm owners and managers in the province of North West. This study used quantitative research gathered by way of a self-administered questionnaire that was distributed by hand or emailed to various farm owners and managers in North West.

Finally, the results of the questionnaire were analysed statistically in order to evaluate the general details of each respondent and the feasibility of propositions, as well as to answer research questions identified in the literature review.

3.2 Research objective

This study attempted to determine whether strategic planning could help farm owners and managers in the day-to-day activities in their diverse businesses.

The objective of this study was to establish whether farm owners and managers could indeed benefit from proper strategic planning for successful outcomes.

3.3 Empirical study

The empirical phase of the study consisted of the research design, study population and data sample, pilot testing of the questionnaire, distribution of the questionnaire, data collection and data capturing as well as statistical analysis.

3.3.1 Research design

Welman *et al.* (2012:52) define a research design as “the plan according to which we obtain research participants and collect information from them. In it we describe what we are going to do with the participants, with a view to reaching conclusions about the research problem”.

This study followed a quantitative research methodology. Aliaga and Gunderson (2000, cited in Muijs, 2011:1) define quantitative research as “exploring phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics)”.

3.3.2 Study population and sample

Welman *et al.* (2005:52) explain a population as follows:

The population is the study object and consist of individuals, groups, organisations, human products and events, or the conditions to which they are exposed. A research problem therefore relates to a specific population and the population encompasses the total collection of all units of analysis about which the researcher wishes to make specific conclusions.

From a practical point of view it is not possible to involve all the members of the population mainly because of cost and time, therefore subsets of the population on which observations are made are used and are referred to as a sample (Welman *et al.* 2005:55). Sampling is the selection taken from a larger group, the population, so that the researcher can examine it to find out something about the larger group (Welman *et al.*, 2005:57).

The sample (n=68) consisted of male and female farm owners and farm managers in the North West Province aged 23 to 76.

3.3.3 Questionnaire formulation and pilot test

This study used a self-administered questionnaire as the main source of data collection. The questionnaire consisted of closed questions, multiple-choice questions and statements that the respondents were to indicate the degree they agreed with the statements. The questionnaire was designed with the research objective in mind, namely to determine whether strategic planning could help farm owners and managers in their day-to-day tasks.

The questionnaire was set up in Afrikaans with particular length and easily understandable language in mind. The idea was to ask rudimentary questions that would be easy to answer, but which would still provide sufficient information to draw conclusions. One question where the researcher expected respondents might have problems understanding the terms was explained in full. Each statement was defined to give the reader enough information to make a decision and give a relevant and trustworthy answer.

The draft questionnaire was given to different parties for approval before the final version of the questionnaire was sent out to respondents. The pilot group included farm owners, agricultural economists and independent professionals. This was done to validate the content of the questionnaire and also to get feedback and possible suggestions. Most gave either verbal or written feedback. The majority of respondents showed interest in the questionnaire and the research in general. The final questionnaire was then developed.

According to Shrock and Coscarelli (2007), the single most important purpose in the initial piloting of any test is to gather feedback for improvement of the questionnaire.

3.3.4 Questionnaire distribution, data capturing and analysis

Data were collected by means of the questionnaire. Questionnaires were hand delivered whilst discussing the research in general with the respondents. This was done in the Skuinsdrif, Groot Marico, Zeerust areas of North West. Some questionnaires were emailed to the chairpersons of different North West Agricultural Farmers Associations with the consent of Agri North West executive head, Boeta du Toit.

Of the 120 questionnaires that had been handed out, a total of 68 questionnaires (57%) were received back. All of the questionnaires were of an acceptable standard. None of the questionnaires were rejected.

The received data were captured and analysed using Microsoft Excel. Each question in the questionnaire was captured in order to process the data and continue with the analysis, and the data extracted from the sample were linked back to the population.

The data were compressed into meaningful descriptions, conceptualised into a chart or table showing what it represents and then translated into meaningful feedback that assisted with the final conclusions and recommendations.

In order to be able to derive significant conclusions from the collected data, exploratory research analysis was performed.

3.4 Research results and findings

The research results and findings from the questionnaire will be discussed below.

3.4.1 First section: Demographics

The first section of the questionnaire consisted of five demographic-specific questions. These questions were aimed at gaining an understanding of the type of sample from which data were collected. Respondents were requested to answer the questions by indicating the appropriate option. The findings are reported in Table 3.1 below.

Table 3.1: Demographics

Item description	Category	Frequency	Percentage
Gender	Male	53	77.9
	Female	15	22.1
Age	20–30	12	17.6
	31–40	20	29.4
	41–50	15	22.0
	51–60	10	14.7
	61–70	7	10.3
	71–80	3	4.4
Qualification	No formal qualification	5	7.4
	Matric	22	32.4
	Certificate	4	5.9
	Diploma	17	25.0
	Degree	20	29.4

Only 15 (22%) of the respondents were female, which is normal for the agricultural industry (Farming First, 2011). No age group was of significance in this research, the age of the respondents range from 23 to 76 where most respondents (20; 29%) were from the 31–40 age group. More than half of the respondents (41; 60%) reported some sort of tertiary education (i.e. a certificate, diploma or degree) of which 20 respondents (29%) had a degree.

Question 5 inquired what type of farming business the respondents were managing. The results are shown in Figure 3.1 below. Of the respondents, 31 (37%) were managing mixed or diverse farming businesses. This type of farming makes planning and especially strategic planning critical (Phillips, 2005:303).

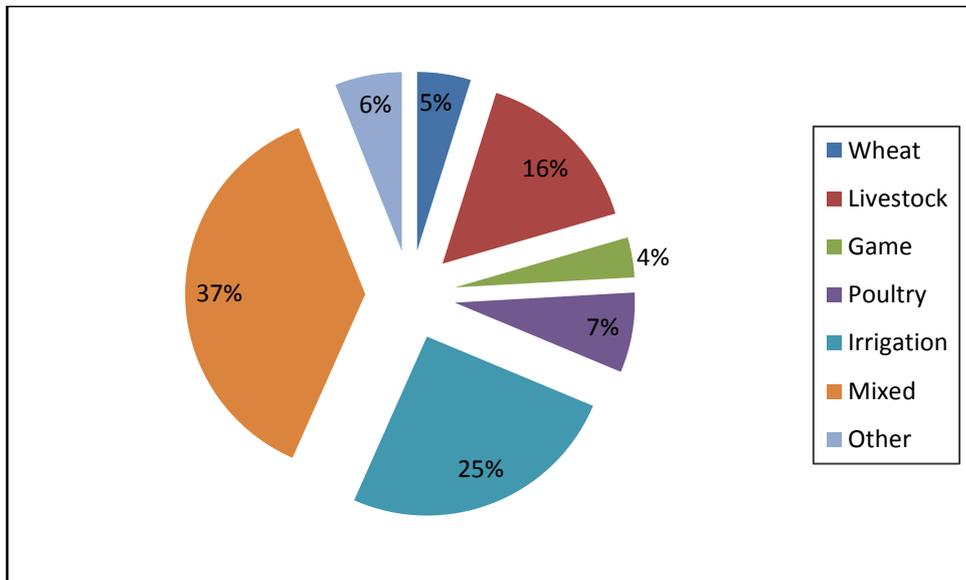


Figure 3.1: Type of farm

The questionnaire results touched on different topics such as the vision, mission and culture of the farming business, the analysis of the internal and external environment of the farming business, communication within the farming business, functional tactics and objectives and actions of the farming business. These topics can be traced to some of the stages that were presented in the journey to farming success in chapter two. The results of the questionnaire that addressed these different topics are discussed below.

3.4.2 Vision, mission and culture (stage 1 in the journey to farming success)

Question 6 tested whether the farming business had a vision and mission statement. The questionnaire provided three possible answers (see Figure 3.2):

- yes, written
- yes, verbally
- no, none

Proactive management refers to the ability to prepare the farming business for future changes in events, and supports the visionary thinking of the farmer and/or management team (Nell & Napier, 2009:21).

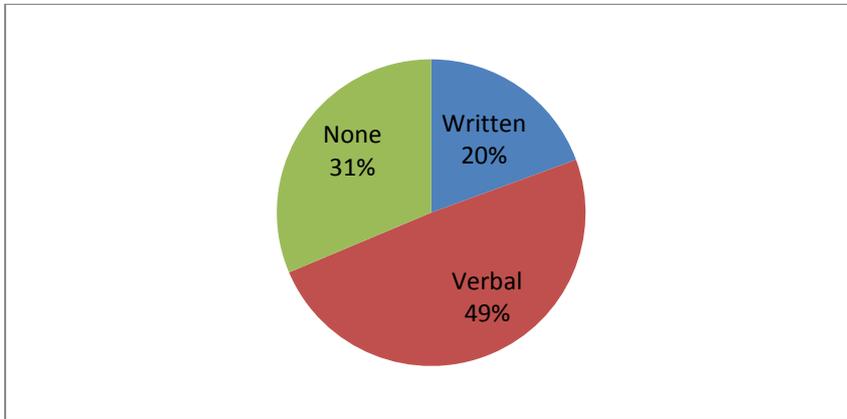


Figure 3.2: Mission and vision statement

Question 19 examined whether the farming business has clearly defined values that give rise to and represent the culture of the farming business. More than half of the respondents (35; 52%) agreed that their farming business had clearly defined values.

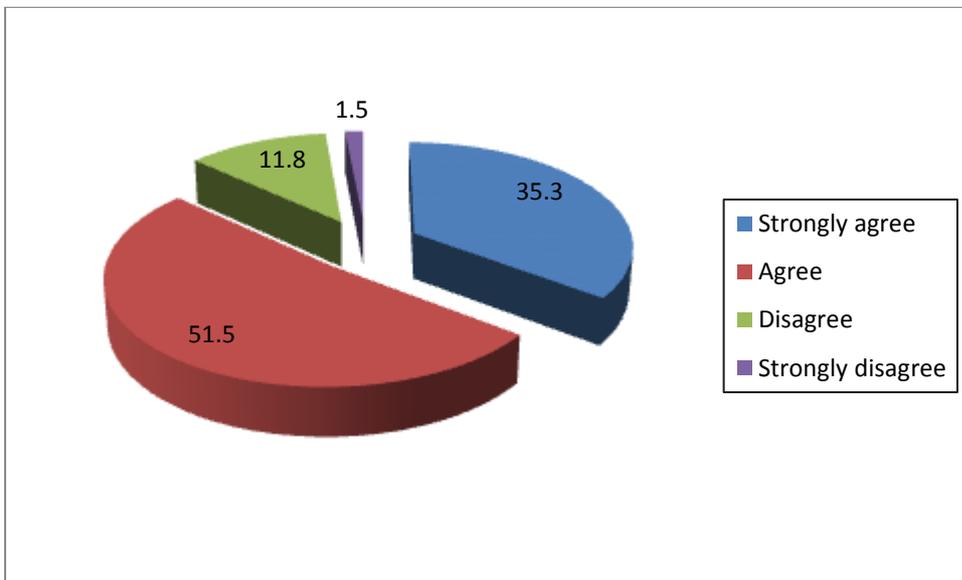


Figure 3.3: Clearly defined values

3.4.3 Analysis of the internal and external environment of the farming business (stages 2 and 3 in the journey to farming success)

The second section of the questionnaire comprised questions or statements that sought to understand respondents' basic planning actions regarding their farming businesses. Respondents were requested to choose the most appropriate answer from never, sometimes, often and always.

The first question (question 7) determined how often farm owners and managers did overall planning of their farming businesses.

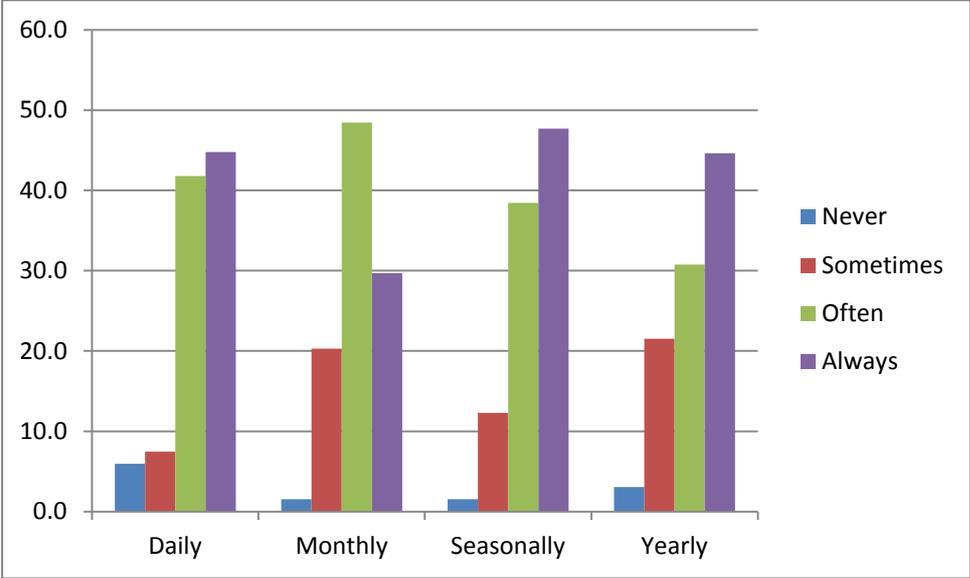


Figure 3.4: How often do managers do overall planning of their farming businesses

Planning cannot be based on a single set of goals, strategies and or outcomes; volatility in many key aspects of the external environment makes it too risky and therefore farming business planners need to use techniques that explore the “what ifs” – the consequences for the business if certain unplanned events occur (Nell & Napier, 2009:58).

Question 15 determined how often mistakes/errors are recorded so that they can be studied to improve or avoid in future. Figure 3.5 graphically illustrates the results. Knowledge of successes achieved in the past as well as weaknesses and failures could contribute to attain sustainable success in any farming business (Nell & Napier, 2009:86).

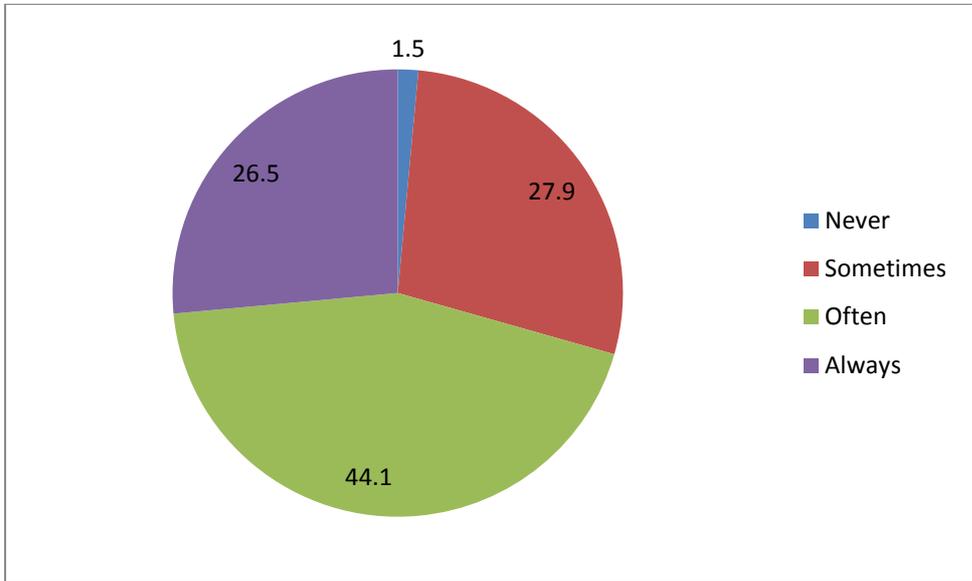


Figure 3.5: Frequency of studying recorded mistakes to be improved or avoided in future

Question 16 asked how frequently professional people who are not part of management are used for the overall planning of the farming business. Figure 3.6 illustrates the results graphically.

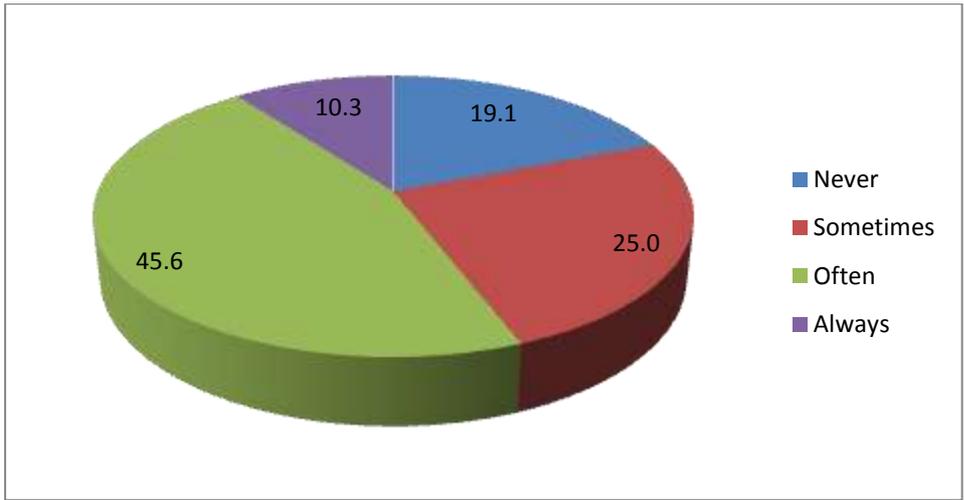


Figure 3.6: How often are professional people used for overall planning of the farming business?

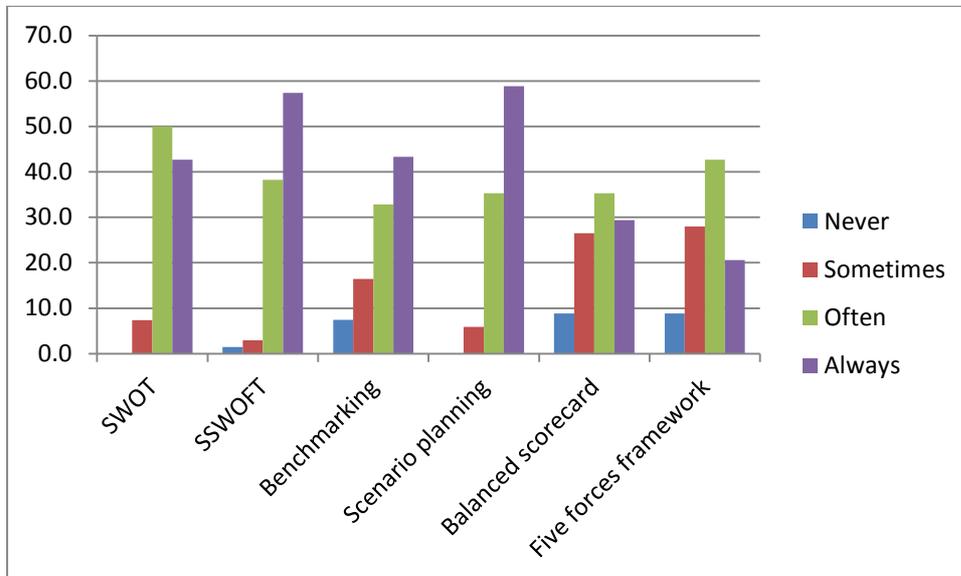


Figure 3.7: How often does management make use of strategic instruments to do overall planning of the farming business?

Question 18 determined how often if any does management make use of strategic instruments to do overall planning of the farming business. Figure 3.7 graphically illustrates the results. The strategic planning instruments are discussed below.

- Option a gave the option of a SWOT analysis. SWOT is credited to two Harvard Business School Policy Unit professors – George Albert Smith Jr and C Roland Christensen during the early 1950s (Friesner, 2014).
- Option b gave the option of a SSWOFT analysis as discussed in chapter two (see 2.5.1, stage 3).
- Option c was benchmarking. The concept of benchmarking was introduced by Xerox. Benchmarking is a search for the best practices and an iterative process; you have to do it on a continuous basis (Snijkers *et al.*, 2007). Benchmarking makes use of evaluating or benchmarking your business practices with those of the competitor or the standard practices in the industry.
- Option d gave the option of scenario planning. Scenario planning is a process where different scenarios and their outcomes are analysed. Scenario planning as a strategic planning instrument has received increasing attention and regained its popularity. The application of scenario planning to strategic

planning in the business context is a relatively new phenomenon (Bradfield *et al.*, 2005).

- Option e gave the option of a balanced scorecard. The balanced scorecard is a strategic planning instrument that is “used to align business activities to the vision and strategy of the organisation, improve internal and external communications, and monitor organization performance against strategic goals” (BSI, 2014). Drs. Robert Kaplan and David Norton developed the idea as a “performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance” (BSI, 2014).
- Option f gave the option of the five forces framework. Named after Michael E. Porter, this model identifies and analyses five competitive forces namely: entry, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among current competitors. These forces shape every industry, and helps determine an industry's strengths and weaknesses (Porter, 2008).

Question 24 determined the challenges participating farm owners and managers were facing. Figure 3.8 graphically illustrates the results. Rising input costs and labour were identified as the most challenging factors in the farming business. This was followed by weather, price fluctuations and financing. Politics and communication were also chosen as being challenges but were not regarded as significant as the above-mentioned challenges.

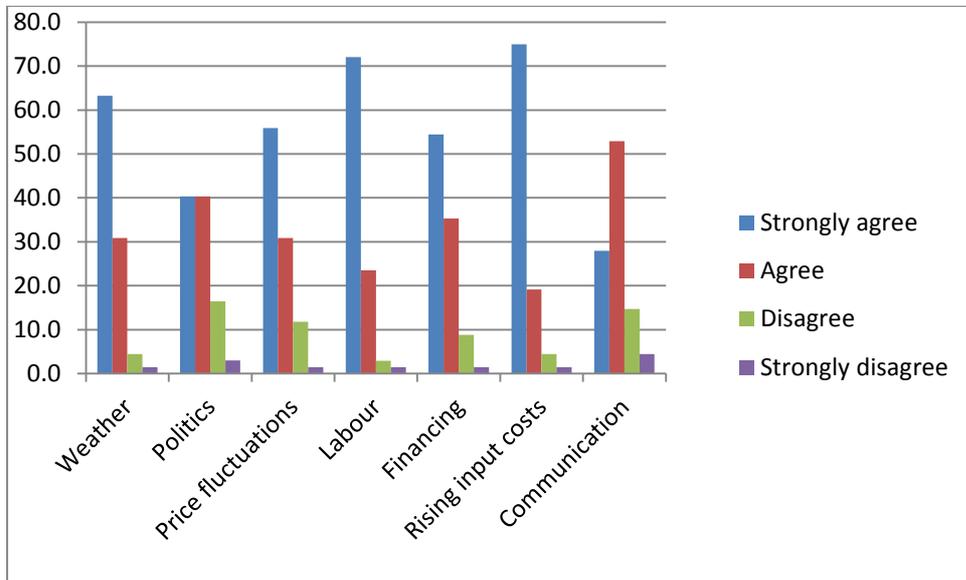


Figure 3.8: Challenges in the farming business

Question 14 asked whether the management team made use of a well-researched plan on which decisions are based. Figure 3.9 graphically illustrates the results. Question 23 asked whether the respondents thought the farming business would benefit from a structured management plan. Figure 3.10 graphically illustrates the results. Only 18 (26%) of the 68 respondents indicated that they always made use of a well-researched plan and that they based their decisions on this plan. More than half of the respondents (37; 54%) strongly agreed that their farming business would benefit from a well-structured management plan.

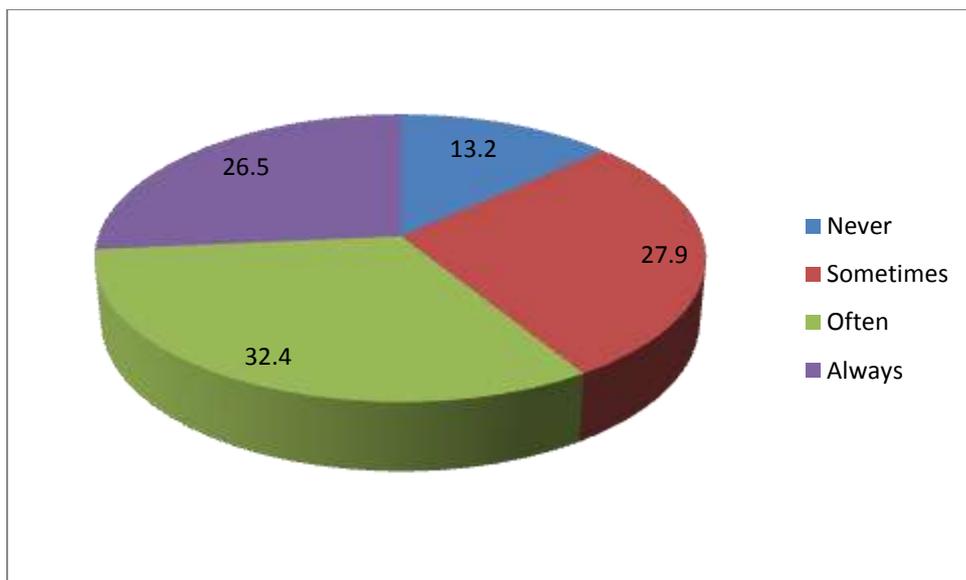


Figure 3.9: Management makes use of a well-researched plan

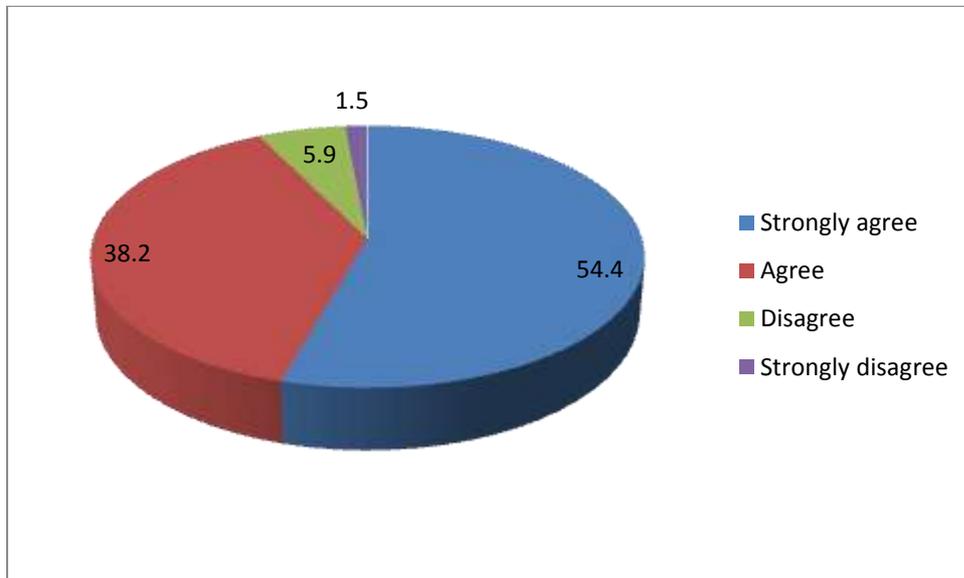


Figure 3.10: Management would benefit from a well-structured management plan

3.4.4 Communication (stage 4 in the journey to farming success)

Question 8 wanted to know how often the vision and mission statements were communicated to ground-level workers. Figure 3.11 graphically illustrates the results. This was important for the study as this is the first stage in strategic planning (Fleming, 1991; Nell & Napier, 2009:15). It is important to get all the information as planned communicated to even the lowest level of employment in the farming business so that every worker might feel that he or she belongs and also know what his or her purpose is. Communication makes it easier to see the bigger picture (Barrows, 2014). Motivation of the workforce in the farming business is achieved by communicating the mission statement very clearly, and stipulating the long-term advantages of striving together towards the vision (Nell & Napier, 2009:17).

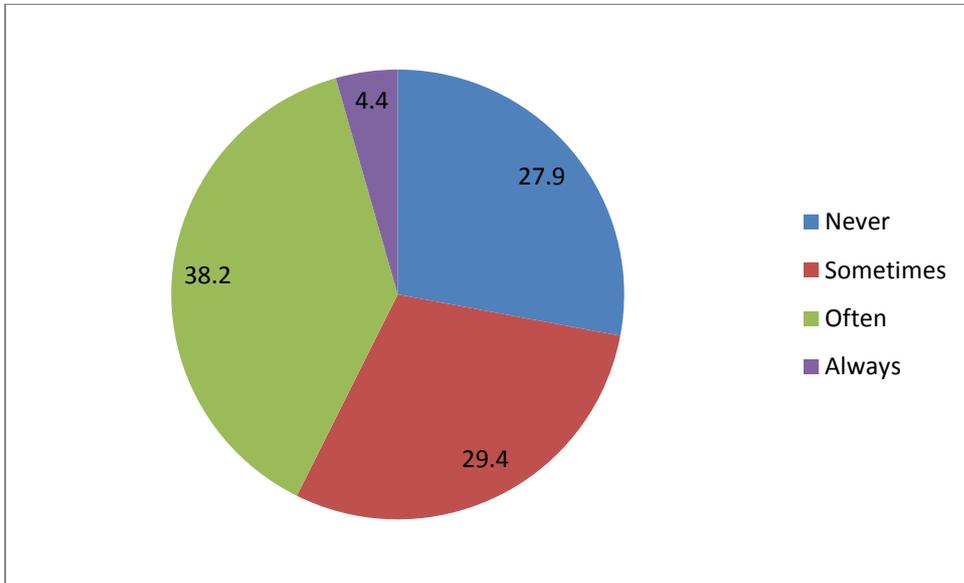


Figure 3.11: Vision and mission communicated from management to ground-level workers

Only 3 (4.4%) of the respondents reported always communicating their vision and mission statement from management to ground level. This finding indicates that there is much room for improvement.

Questions 9 and 10 asked, “How often does the management team know what are expected of them?” and “How often does the farm workers know what are expected of them?”

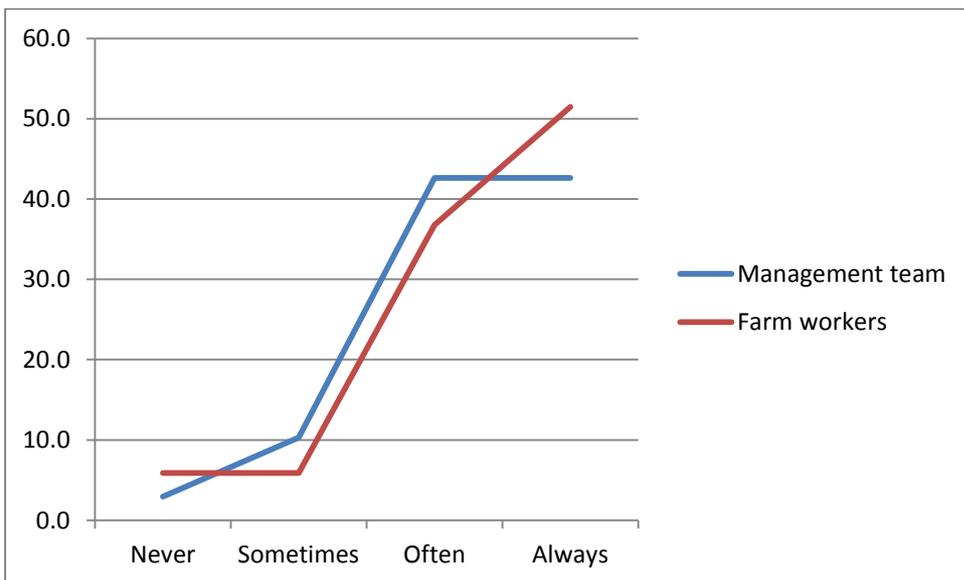


Figure 3.12: How often do the management team and farm workers know what is expected of them

The results as shown in figure 3.12 shows that management and the farm workers knew what was expected of them, but it was still unclear whether all knew what they were working for and whether they knew what the bigger picture was.

3.4.5 Functional tactics (stages 4 and 8 in the journey to farming success)

According to Nell and Napier (2009:195), during stage 8 of the journey to farming success, information must be gathered and used to determine whether adequate resources are available to carry out the actions of the journey.

Question 12 asked how often all resources available in the farming business were carefully allocated to tasks that had to be performed. Figure 3.13 reflects the results obtained for this question. Question 13 asked how often these resources were prioritised according to specific objectives. See Figure 3.14 below. The results for questions 12 and 13 were almost the same. A possible reason is that the respondents who indicated that they allocated their resources often also prioritised them according to specific objectives.

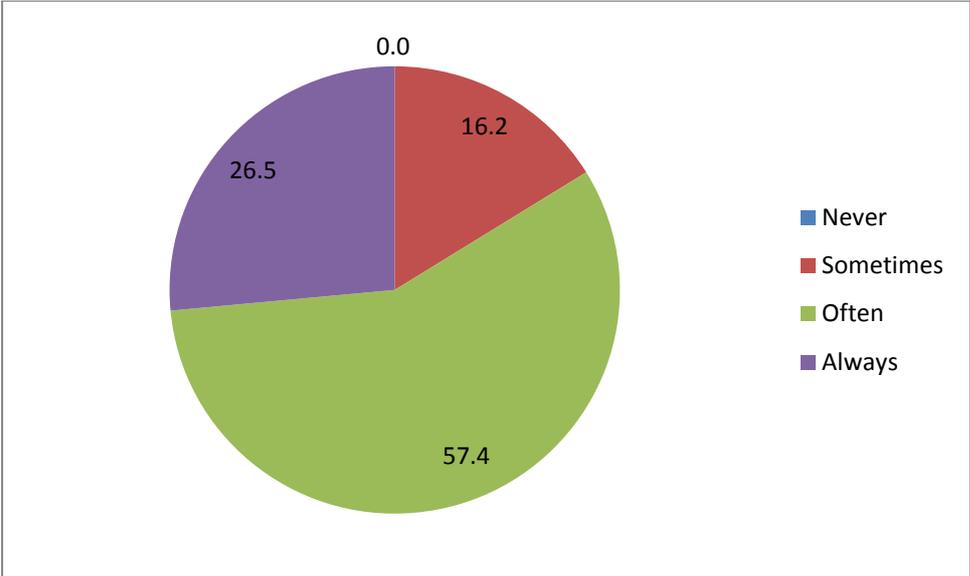


Figure 3.13: Resources carefully allocated to tasks

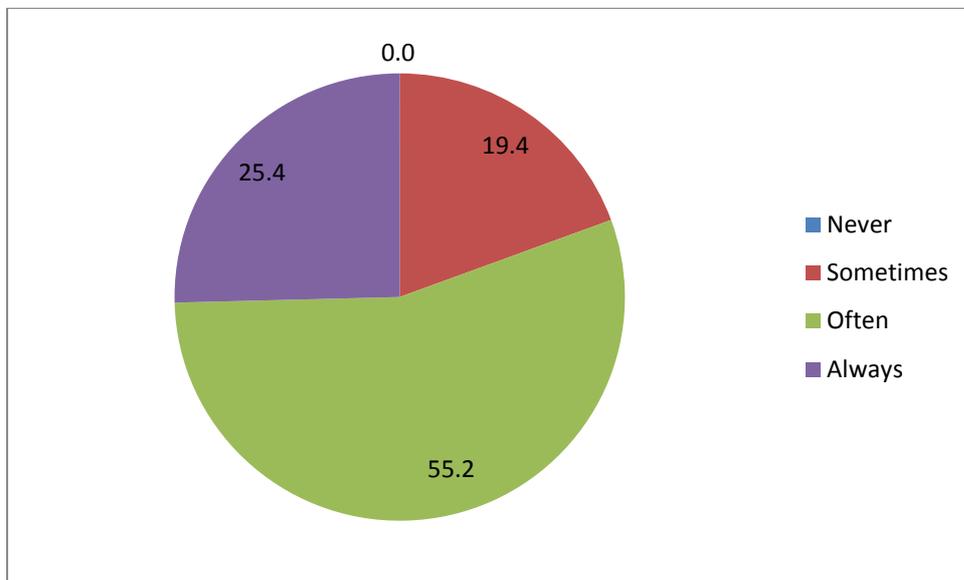


Figure 3.14: Resources prioritised according to specific objectives

3.4.6 Objectives and actions (stage 7 in the journey to farming success)

Question 11 determined whether participating farm owners and managers planned ahead and whether they had any specific objectives that they needed or wanted to achieve. During the setting of specific objectives, the strategic thinking process enables the farm owner or manager to see other aspects in certain areas that could easily have been missed if this process never took place.

The responses showed that only 20% of the respondents never or sometimes set objectives; the other 80% set objectives regularly or always. Please see Figure 3.15 below in this regard. This was a pleasing result as it showed that the participating farmers did some sort of planning and set objectives. Questions 20 and 22 asked whether the farming business had specific short-term (1–12 months) and/or specific long-term (1–5 years) objectives. Of the respondents, 92% agreed that their farming business had specific short-term objectives while 86% of the respondents agree that their farming business had specific long-term objectives.

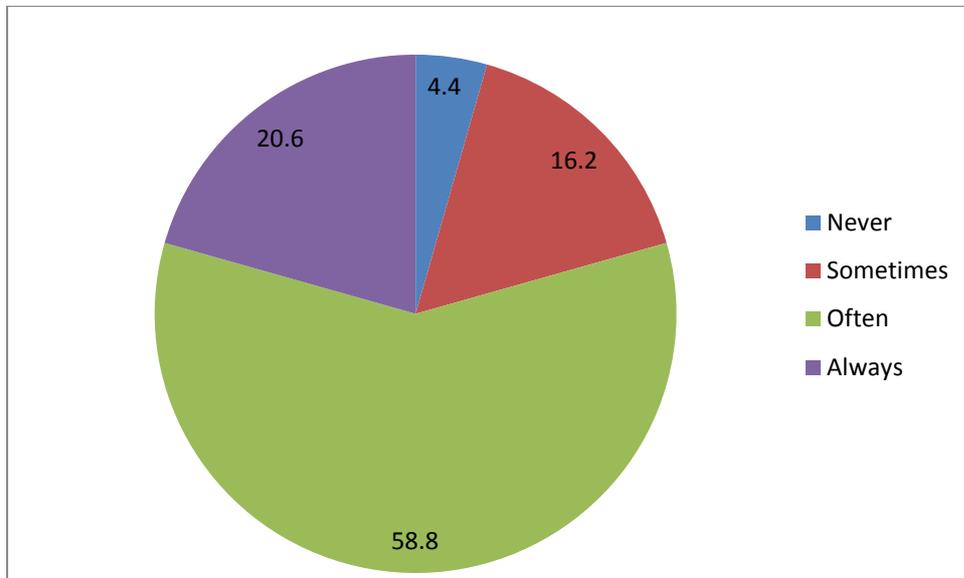


Figure 3.15: How often do farm owners/managers set objectives?

3.5 Correlations

Correlations between questions were done statistically to accumulate more information from the results of the questionnaires.

3.5.1 Cross-tabulation

Cross-tabulation is a statistical tool that is used to analyse categorical data to create a contingency table and it provides a basic picture of the interrelation between two variables and can help find interactions between them (Williams, 2014).

Michael (2001) explains as follows:

a cross-tabulation is a joint frequency distribution of cases based on two or more categorical variables. Displaying a distribution of cases by their values on two or more variables is known as contingency table analysis and is one of the more commonly used analytic methods in the social sciences.

Cross-tabulation was used to find the interaction between questions 4 and 6 in the questionnaire.

Table 3.2: Cross-tabulation between questions 4 vs. question 6

Cross-tabulation question 4 vs. question 6						
			Question 6: Does the farm business have a mission and vision statement?			Total
			Yes, written	Yes, verbal	No, none	
Question 4: Highest qualification?	No formal qualification	Count	2	2	1	5
		% within question 4	40.0%	40.0%	20.0%	100.0%
	Matric	Count	2	12	8	22
		% within question 4	9.1%	54.5%	36.4%	100.0%
	Certificate	Count	2	1	1	4
		% within question 4	50.0%	25.0%	25.0%	100.0%
	Diploma	Count	4	9	4	17
		% within question 4	23.5%	52.9%	23.5%	100.0%
	Degree	Count	3	10	7	20
		% within question 4	15.0%	50.0%	35.0%	100.0%
Total	Count	13	34	21	68	
	% within question 4	19.1%	50.0%	30.9%	100.0%	

p-value = 0.727

Note: p-values are reported for completeness sake, but were not interpreted, since a convenience sample instead of a random sample was used.

Table 3.3: Symmetric measures indicating association between question 4 and 6

Symmetric Measures			
		Value	Approx. Sig.
Nominal by Nominal	Phi	.302	.622
	Cramer's V	.214	.622
N of Valid Cases		68	

According to Ellis and Steyn (2003:53), effect sizes indicate the following:

~0.1 – practical non-significant association or small effect

~0.3 – practical visible significant association or medium effect

~0.5 – practical significant association or large effect

Thus phi = 0.302 means that there was a medium to large association between questions 4 and 6.

One would suspect that a higher qualification of the farm owner or manager would mean that the farming business would have a written vision and mission statement, but cross-tabulation between question 4 and 6 revealed it not to be the case and

showed almost the exact opposite. A total of 4 out of 5 (80%) of the respondents that had no formal qualification had either a written or verbal vision or mission statement, whereas only 13 out of 20 (65%) of respondents who had degrees had a written or verbal vision and mission statement.

3.5.2 Independent t-test

According to Andrew *et al.* (2011:229), a t-test is used to determine whether two groups, as defined by the independent variable, differ on the basis of a selected dependent variable, and to calculate group differences by examining the means and variation of both groups. The independent t-test compares the means of two independently sampled groups. It examines whether the mean scores of two groups can be considered significantly different (Trochim, 2006).

The t-test was used to test the opinions of the owners against that of the managers and foremen regarding how often management knows what is expected of them and how often the workers know what is expected of them.

Question 3 asked whether the respondent was the owner, manager or foreman. Only one responded as a foreman; thus, managers and this single foreman were grouped together to obtain a more credible result.

Questions 9 and 10 gave the option to answer from never, sometimes, often and always.

In table 3.4 the mean of 3.24 and 3.29 independently indicated that farm owners and farm managers or the foreman responded that farm managers **often** knew what was expected of them. Question 10 also reported that both owners and manager or foreman responded that farm workers **often** knew what was expected of them.

Table 3.4: t-test between question 3 and question 9

Question 3_grouped		N	Mean	Std. deviation	p-value	Effect size
Question 9: How often does the management team know what is expected of them?	owner	45	3.24	0.83	0.826	0.05
	manager or foreman	21	3.29	0.644		
Question 10: How often does the farm workers know what is expected of them?	owner	46	3.28	0.886	0.488	0.16
	manager or foreman	21	3.43	0.746		
Note: p-values are reported for completeness sake, but were be interpreted, since a convenience sample instead of a random sample was used						

According to Steyn (2000:2), effect size indicates practical significant differences between the mean as well as the effect size.

≈ 0.2 – small, no practically significant difference

≈ 0.5 – medium, practically visible difference

≈ 0.8 – large, practically significant difference

Effect sizes of 0.05 and 0.16 were less than 0.2; therefore, there was no practical significant difference between the means of the owners and managers and the foreman.

3.5.3 Nonparametric correlations

Spearman's rank correlation coefficient or Spearman's rho, named after Charles Spearman and often denoted by the Greek letter ρ (rho), is a nonparametric rank

statistic proposed as a measure of the strength of the association between two variables (Hauke & Kossowski, 2011:89). It determines the relationship between two sets of ordinal data and assesses how well the relationship between two variables can be described using a monotonic function. A monotonic function implies a measure of association and statistically summarising the degree of relationship between two variables (Raveh, 1986:117). If there are no repeated data values, a perfect Spearman correlation of +1 or -1 occurs when each of the variables is a perfect monotone function of the other (Nath, 2009).

According to Steyn (2002:12), Spearman's rho correlation coefficient indicates practical significance of relationship or effect sizes:

~0.1 – small, no practical significant relationship

~0.3 – medium, practical visible relationship

~0.5 – large, practical significant relationship

Spearman's rho was calculated for questions 14 and 23 to determine whether there was a correlation between making use of a well-researched plan and whether the respondents thought farming business would benefit from using a structured management plan.

With a Spearman's rho correlation coefficient of 0.105, there was no practical significant correlation between the use of a well-researched plan and the benefit a farming businesses could get from using a structured management plan.

p-value= 0.396

Note: p-values were reported for completeness sake, but were interpreted, since a convenience sample instead of a random sample was used.

3.6 Chapter summary

The gathered information was discussed, describing the scientific procedures followed for this study. This study used quantitative research gathered by way of a self-administered questionnaire that was distributed by hand or emailed to various farm owners and managers in North West. The questionnaire was set up in Afrikaans with particularly length and easily understandable language in mind. The

questionnaire required general and specific information about planning procedures of diverse farming businesses and was completed by both farm owners and managers in the province of North West.

The results of the questionnaire were analysed statistically in order to evaluate the general details of each respondent and the feasibility of propositions, as well as to answer research questions identified in the literature review.

This study followed a quantitative research methodology. The sample (n=68) consisted of male and female farm owners and farm managers in the North West Province aged 23 to 76. This study attempted to determine whether strategic planning could help farm owners and managers in the day-to-day activities in their diverse businesses. The objective of this study was to establish whether farm owners and managers could indeed benefit from proper strategic planning for successful outcomes.

The received data were captured and analysed using Microsoft Excel. In order to be able to derive significant conclusions from the collected data, exploratory research analysis was performed.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1 Introduction

Based on data analysis and interpretations done in Chapter 3, this chapter provides recommendations that farming businesses could use to plan more effectively for successful outcomes. The chapter further provides conclusions based on the whole study.

4.2 Study recommendations

A full understanding of how farm owners and managers operate and do their daily, monthly, yearly and seasonal planning remains challenging. From the literature study it was clear that certain steps could be taken and followed to get more rewards from their efforts. When planning is done in a strategic manner, farming businesses could reap many rewards. Farming businesses should therefore do proper strategic planning for successful outcomes.

It is essential for farming businesses to establish a mission, vision and culture for their business. This should be updated regularly and also communicated on a frequent basis to all levels of workers involved in the farming business.

The immediate external environment outside the boundaries of the farm should be analysed and investigated. The internal environment of the farming business should be studied using strategic instruments including the SSWFOT method (see chapter 2, stage 3).

The farming business should establish its competitive advantage and how to retain it and should set long-term goals that are in line with the mission and the vision of the business.

All possible information should be used to actively choose and compile a strategy to achieve the farm's long-term goals. Short-term objectives and actions should also be identified and set and key implementation policies should be in place.

The farming business should determine whether there are adequate resources available to carry out the required functional tactics to achieve the strategic vision. The farming business should also investigate the possibility of restructuring, refocusing or re-engineering their management team, their decision making and operating procedures and allocating of resources.

4.3 Conclusion

With the many challenges facing farming businesses in South Africa, including constantly rising input costs, an unwell labour market, price fluctuations for crops and very limited help with financing, there is still light at the end of the tunnel. Using the 11 stages in the journey to farming success, it is possible to farm successfully in South Africa. A farming business must be seen as any other organisation, with different departments. The challenge in the farming business is that there are only a few people that do all the work of the so-called 'different departments', but with proper planning, prioritising of resources and good communication it is possible to reap plentiful benefits.

It is clear from the study that farming businesses would benefit from using a well-structured and well-researched plan that managers could use to do daily, monthly, seasonal and yearly activities. The journey to farming success is a good example of a strategic plan with high value (chapter 2, 2.5.1). When the stages in this journey are followed, success is almost certain. One of the important themes that arose from the literature study was that it is important for all levels of workers on the farm to know what is expected of them and what their purpose in the farming business are. Leaders must communicate their visualized strategy to the workforce in a way that will help them understand not only what needs to be done, but why. This in itself will be motivation for all who are part of the farming business.

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Annexure A: Questionnaire

Vraelys - Strategiese bestuur in diverse boerdery ondernemings

Die doel van die vraelys is om diverse boerdery ondernemings se bestuurstyl beter te verstaan en om uit te bepaal of diverse boerdery ondernemings kan baatvind by 'n gestruktureerde strategiese bestuurs model. Dit sal van baie waarde wees as jy 5 minute van jou tyd kan gee om asseblief die onderstaande vraelys in te vul.

Geen persoonlike inligting word verlang vir hierdie vraelys nie en jy bly anoniem.

Die studie is deel van die vereiste van die MBA graad tot die Potchefstroomse Besigheidskool.

Kontakbesonderhede: Danelle van der Merwe – danellevw@gmail.com / 071 513 7792

1. Ouderdom (in jare):

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2. Geslag:

Manlik	1
Vroulik	2

3. Posisie tans bekleed:

Eienaar	1
Bestuurder	2
Voorman	3

4. Hoogste Kwalifikasie:

Geen formele kwalifikasie	1
Matriek	2
Sertifikaat	3
Diploma	4
Graad	5

5. Watter tipe boerdery?

Graan	1	
Vee	2	
Wild	3	
Besproeiing	4	
Gemeng	5	
Ander	6	Noem asb

6. Het die boerdery 'n missie en visie verklaring

Ja, geskrewe

Ja, verbaal

Nee, geen

Merk asb die gepaste antwoord. Van nooit (1) tot Altyd (4).

Stelling	Nooit	Soms	Gereeld	Altyd
7. Hoe gereeld doen die bestuur die volgende tipes beplanning?				
a) Daaglik	1	2	3	4
b) Maandeliks	1	2	3	4
c) Seisoen gebonde	1	2	3	4
d) Jaarliks	1	2	3	4
8. Hoe gereeld word die Visie en Missie gekommunikeer tot op grondvlak?	1	2	3	4
9. Hoe gereeld weet bestuur wat van hulle verwag word?	1	2	3	4
10. Hoe gereeld weet die arbeid wat van hulle verwag word?	1	2	3	4
11. Hoe gereeld word daar doelstellings gestel?	1	2	3	4
12. Hoe gereeld word alle hulpbronne beskikbaar in die boerdery, noukeurig toegeken aan take wat verig moet word?	1	2	3	4
13. Hoe gereeld word alle hulpbronne beskikbaar in die boerdery geprioritiseer volgens take wat verig moet word?	1	2	3	4
14. Bestuur maak gebruik van 'n goed nagevorsde plan waarvolgens besluite geneem word?	1	2	3	4
15. Hoe gereeld word foute opgeteken sodat dit bestudeer kan word om dit in die toekoms te verbeter of vermy?	1	2	3	4
16. Hoe gereeld word daar van mense wat nie deel is van die bestuur (buite kontrakteurs/konsultante/professionele mense) gebruik gemaak vir die algehele beplanning van die boerdery?	1	2	3	4
17. Hoe gereeld word daar na die volgende afdelings gekyk as beplanning vir die boerdery gedoen word?				
a) Arbeid	1	2	3	4
b) Produksie	1	2	3	4
c) Bemarking	1	2	3	4
d) Finansiell	1	2	3	4

Stelling	Nooit	Soms	Gereeld	Altyd
e) Produk ontwikkeling	1	2	3	4
f) Navorsing	1	2	3	4
18. Hoe gereeld word die volgende strategiese instrumente gebruik om geleenthede en bedreigings binne die boerdery vas te stel?				
a) SWOT analise*	1	2	3	4
b) SSWOFT analise*	1	2	3	4
c) Benchmarking*	1	2	3	4
d) Scenario Planning*	1	2	3	4
e) Balanced scorecard*	1	2	3	4
f) Five Forces Framework*	1	2	3	4

***SWOT analise** - wanneer die **Sterkpunte, Swakpunte, Geleenthede en Bedreigings** geanaliseer en teen mekaar opgeweeg word.

***SSWOFT analise** -Dieselfde as SWOT maar **Suksesse en Mislukkings** word ook geanaliseer.

***Benchmarking** - Evalueer jou onderneming se praktyke deur dit te vergelyk met die standaard praktyke in die landbou sektor.

***Scenario Planning** - Proses waar verskillende scenarios en hul uitkomste bespreek en geanaliseer word.

***Balanced scorecard** - 'n Gestruktureerde verslag, wat deur bestuurders gebruik word om trek te hou met die uitvoering van aktiwiteite deur die personeel binne hul beheer en die gevolge te monitor.

***Five Forces Framework** - Hierdie model identifiseer en ontleed 5 mededingende kragte wat die bedryf vorm, en help om 'n bedryf se swak en sterk punte te bepaal.

1 Kompetisie in die bedryf

2 Potensiële nuwe toetreders tot die bedryf

3 Krag van verskaffers

4 Krag van kliënte

5 Bedreiging van plaasvervanger produkte

Merk asb die gepaste antwoord. Van stem ten volle saam (1) tot stem glad nie saam nie (4)

Stelling	Stem ten volle saam	Stem saam	Stem nie saam nie	Stem glad nie saam nie
19. Die boerdery het duidelik uiteengesette waardes wat aanleiding gee tot die kultuur van die boerdery?	1	2	3	4
20. Die boerdery onderneming het spesifieke kort termyn (1-12maande) doelwitte?	1	2	3	4
21. Die boerdery prioritiseer take volgens belangrikheid.	1	2	3	4
22. Die boerdery onderneming het spesifieke lang termyn (1 - 5 jaar) doelwitte?	1	2	3	4
23. Die boerdery sal baat vind om 'n gestruktureerde bestuursplan te volg?	1	2	3	4
24. Die volgende is 'n uitdaging in die boerdery.				
a) Klimaat	1	2	3	4
b) Politiek	1	2	3	4
c) Prys skommeling	1	2	3	4
d) Arbeid	1	2	3	4
e) Finansiering	1	2	3	4
f) Stygende insetkoste	1	2	3	4
g) Kommunikasie	1	2	3	4