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The contingent interplay between resources, entrepreneurship, and agribusiness performance among small-scale agri-food actors

AYOBAMI ADETOYINBO¹, RHETT HARRISON², DAGMAR MITHÖFER¹

¹*Humboldt-Universität zu Berlin, Thaer-Institute of Agricultural and Horticultural Sciences - Agricultural Economics, Germany*

²*World Agroforestry, Zambia*

Abstract

Strategic entrepreneurship is essential for business continuity, economic development, and poverty alleviation. Yet, smallholders such as farmers and traders in sub-Saharan Africa (SSA) display low levels of entrepreneurship and performance because they participate in agri-food segments with unstable business environments and inadequate resources. With theoretical and empirical perspectives on entrepreneurial behaviour and success being fragmented and inconsistent and empirical studies about entrepreneurship among small-scale agri-food actors notably scarce in SSA, there is a dearth of knowledge regarding how resources and entrepreneurship contribute to smallholders' business performance in different agribusiness situations. This study analyses the influence of entrepreneurship on the resource-based performance of rural farmers and traders in unstable business situations. We propose an innovative conceptual framework based on resource orchestration, entrepreneurial orientation (EO), and contingency theory. Multi-tier data obtained from 708 farming households and 639 fruit and vegetable traders in Zambia were analysed using structural equation models comprising mediation-moderation analysis. The results show that financial, physical, and social resources are positively related to farmers' and traders' EO, which in turn, mediates the effects of their resource portfolios on business performance. Findings from the moderation analyses, however, point to a mismatch in farmers' and traders' entrepreneurial behaviour and success in different business environments. As farmers' entrepreneurial success (i.e. EO-performance link) is moderated by contingency factors such as power asymmetry, competition, and tighter supplier-buyer relations, traders' entrepreneurial behaviour (i.e. resource-EO link) is moderated by business environments, such as trust, competition, and tighter supplier-buyer relations. The study's originality is found in the proposed conceptual framework, as well as its ground-breaking multi-tier empirical insight on how small-scale farmers and traders pool their resources to develop entrepreneurial capability, which they, in turn, use to maximise business performance in ambiguous business conditions. This study raises and discusses several theoretical, practical, and policy implications.

Keywords: Africa, agri-food actors, business performance, contingency theory, entrepreneurial orientation, resource orchestration theory