THE EVALUATION OF STRATEGIC MANAGEMENT IMPLEMENTATION IN AGRICULTURAL ENTERPRISES IN THE SLOVAK REPUBLIC

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PURPOSE

The main objective of this paper is to evaluate the implementation of strategic management in selected agricultural enterprises in the Slovak Republic.

Design/Methodology/Approach: Qualitative data have been collected from a questionnaire survey. Furthermore, using Porter’s model of five forces, an evaluation has been made of managers’ perception of choosing opportunities, threats and success factors. The presence of statistically significant differences in the perception of these ‘parameters’ in disparate production zones and between diverse groups of agricultural enterprises according to the number of employees and to the area of agricultural land in their ownership was tested using the Kruskal-Wallis test, with post-hoc testing employing the Steel-Dwass-Critchlow-Fligner testing procedure. The presence of a trend in the perception of these ‘parameters’ of the competitive environment was tested using the Jonckheere-Terpstra test with respect to the number of employees and the area of agricultural land belonging to the enterprise. The exact p-value, in the case of the Kruskal-Wallis test and the Jonckheere-Terpstra test, was calculated utilizing Monte Carlo simulation (Mehta and Patel, 1996). We used the Steel-Dwass-Critchlow-Fligner testing procedure (Critchlow and Fligner, 1991) as a post-hoc test in the instance that null hypothesis can be rejected of the Kruskal-Wallis test.

Findings: Eighty-one individual holdings and agricultural farms have been included in the survey. From the group surveyed, only 38.9 per cent of farms elaborated their vision and only 12.3 per cent of farms prepared a strategy in written form. The enterprise strategies are predominantly oriented towards growth, survival, development, and innovation. The most significant opportunities listed comprise adverse government decisions, the import of cheap and low quality foodstuffs, volatile food prices, the evolving CAP, and the financial and economic crises. With respect to business success factors, the agro-managers identified the following: subsidies, inputs, and farm gate prices, management knowledge and experience, weather, European Union policy, and the quality of the agro-commodities produced.

Research Limitation/Implications: There had been following three limitations on the research:

1. Collection of the qualitative data was focused on the agricultural holdings with major orientation

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on the primary production and additional diversification of the farming activities; 2. Research was carried out in all the agro-ecological zones of the Slovak Republic; 3. The all surveyed agricultural holdings are included into the official statistics of the Ministry of Agriculture and Rural Development: The Letters of the Ministry of Agriculture and Rural Development.

Practical Implications: From a theoretical and practical viewpoint, well executed strategic management can ensure the survival of an enterprise, and can contribute to successful outcomes which could position the enterprise in the forefront of the respective business sector.

Originality/ Value: The study offers beneficial sources of information about the state of strategic management in the agricultural holdings and its impact on the farm performance and their incomes. Furthermore the study reveals attitudes of the farms towards the new recent trends in agricultural production.

Key Words: Strategic management, Opportunities, Success Factors, Agro-managers, Threats, Individual farms, Agricultural holdings.

Introduction
Significant changes are ongoing in the agricultural and food sectors, both throughout the world as well as in the Member States of the European Union (EU). Food producers, like leaders of rural development across Europe, are facing serious challenges and new realities. The Slovak Republic was considerably affected by its accession to the EU, due to a number of mandatory adjustments required to bring the country in line with the common rules and regulations, terms and conditions of the Common Agricultural Policy (CAP). Moreover, the volatile fluctuations in food prices had a significant impact on the performances of both the agricultural and food sector. Furthermore, the current status of the two sectors has also been stigmatized by the effects of the persistent financial and economic crisis. The share of the agricultural and food sector in the gross domestic product (GDP) declined from 9.40 per cent in 1989 to 2.29 per cent in 2011. Among the numerous reasons for this situation, one of the most important roles was played by management and managers themselves. Following EU accession, agro-managers began working with the best intentions and dedication within the new environment. However, the decline in agricultural production and its share of GDP continued, partly due to contextual and procedural problems and a lack of administrative and institutional capacity but also due to the use of outdated methods and tools which are not necessarily in line with the market economy. This resulted in a situation where, in smaller agricultural holdings as well as in larger enterprises, strategic management was not an organic part of the decision making process with regard to long-term objectives.

One of the most comprehensive definitions of strategy was formulated by Chandler, (1962), who defined it in the following way: “Strategy is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals”. Mintzberg et al., (1998) defined strategy as the synthesis of non-conventional definitions and they explained it in the form of the five Ps, where strategy is considered as plan, ploy, pattern, position, and perspective.

According to Bruce and Langdon (2002) the strategy is giving the insurance that the daily decisions will be in compliance with the organization’s long-term interests. Without strategy, the implemented decision may have negative effects on the future results.

Actually, a limited number of authors have studied the implementation of strategic management in the agricultural field and its impact on performance of the overall sector. In Slovakia, e.g., Džupina (2006), Szabó and Jankelová (2006), and Varošáék and Izakovié (2007) dealt with the impact of strategic management on agricultural production. They undertook empirical research on the implementation of tools and methods of strategic management in large agricultural enterprises. One of their conclusions was that, while in the other sectors, the strategic approaches to the management are the reality, in the agricultural sector the implementation of the strategies is still in the initial phase. According of the
above mentioned authors, this sector with its natural conditions for production and with historical
specificities is determined to implement the strategic management. Furthermore, they discovered that
some agricultural enterprises are able to surmount the principles of strategic management and, as a
consequence, are introducing successful management in the constantly changing external environment.

Objective of the Study
The objective of this paper is to evaluate the implementation of strategic management in the managerial
and organizational activities of agro-managers working on individual holdings and large enterprises in
the Slovak Republic, and to identify the opportunities, threats and factors which are affecting their
successful performance.

Research Method
The main sources of the quantitative data are the databases of the Food and Agricultural Economic
Research Institute, Statistical Information Letters of the Ministry of Agriculture and Rural Development
(MOARD) of the Slovak Republic for the years 2006-2010, and the databases of the Slovak Statistical
Office.

The principal source of qualitative data originates from the survey questionnaire pertaining to production
and economic characteristics and implementation of strategic management in individual holdings and
large agricultural enterprises. The selected groups of agricultural farms included all legal and
organizational types of enterprises (bodies) dealing with agricultural primary production representing
all existing production zones of the Slovak Republic. The questionnaire survey was carried out from
April to June 2012 and 81 correctly completed questionnaires were received.

The results obtained from the questionnaire were combined with the preliminary processed data from
the Statistical Information Letters of the MOARD.

The analysis of the competitive environment was performed using Porter’s Model of Five Forces.
Simultaneously, we studied how farmers and agro-managers, both in individual holdings and large
enterprises, perceive the indicated opportunities, threats, and success factors. The respondents have
evaluated these environment ‘parameters’ on a five point Likert scale with the following values:

- **Opportunities**: 1: not considered to be an opportunity for the examined holding/enterprise; 5: a very
  significant opportunity;
- **Threats**: 1: not considered to be a threat to the respective holding/enterprise; 5: a very significant
  threat;
- **Success factors**: 1: factor has no impact; 5: factor has very significant impact.

The presence of statistically significant differences in the perception of these ‘parameters’ in disparate
production zones and between diverse groups of agricultural enterprises according to the number of
employees and to the area of agricultural land in their ownership was tested using the Kruskal-Wallis
test, with post-hoc testing employing the Steel-Dwass-Critchlow-Fligner testing procedure. The presence
of a trend in the perception of these ‘parameters’ of the competitive environment was tested using the
Jonckheere-Terpstra test with respect to the number of employees and the area of agricultural land
belonging to the enterprise. The exact p-value, in the case of the Kruskal-Wallis test and the Jonckheere-
Terpstra test, was calculated utilizing Monte Carlo simulation (Mehta and Patel, 1996). We used the
Steel-Dwass-Critchlow-Fligner testing procedure (Critchlow and Fligner, 1991) as a post-hoc test in the
instance that null hypothesis can be rejected of the Kruskal-Wallis test.

The Results of the Study
Characteristics of the enterprises and the adoption of strategic management

The share of the individual agricultural holdings and large agricultural enterprises is as follows: corn
production zone (CPZ): 18.52 per cent; beet production zone (BPZ): 19.75 per cent; potato production
zone (PPZ): 17.28 per cent, potato - outs production zone (POPZ): 23.46 per cent and mountain production zone (MPZ): 20.99 per cent. The examined individual holdings and enterprises were further classified according to their size expressed in hectares of cultivated agricultural land according to the LPIS (Land Parcel Identification System), and also according to number of employees. The results of the classification of individual holdings and enterprises into their respective categories were as follows: 12 individual holdings and agricultural enterprises have cultivated land up to 500 hectares; 26 enterprises operated on an acreage of between 501 and 1,000 hectares, 20 enterprises on an acreage of between 1,001 and 1,500 hectares, and 8 enterprises on cultivated land with an acreage of between 1,501 and 2,000 hectares, while 15 enterprises had an acreage higher than 2,000 hectares. In total, the selected group of farms included 4 individual holdings with an average of less than nine employees, followed by 49 enterprises with an average number of employees between 10 and 49, and 28 enterprises with between 50 and 249 employees. The total number of employees in the examined group has declined from 4,274 in 2006 to 3,260 in 2010. One of the most significant reasons for this has been the negative impact of the financial and economic crises between 2009 and 2011.

From the questionnaire survey, it emerges that strategic management is not one of the strengths of Slovak agro managers. Of the 81 bodies, 11 (13.6 per cent) failed to formulate their vision. Seventeen holdings/enterprises omitted to elaborate their own prognoses. The prognosis was prepared only in 37 cases (45.7 per cent of the bodies), and 45 holdings/enterprises (55.6 per cent) stated that they were utilizing publicly available prognoses prepared by relevant agencies/institutions (the Food and Agriculture Organization of the United Nations, the EU, the Organisation for Economic Co-operation and Development (OECD), respective national governments etc.).

Strategic plans, with other related tools, have been elaborated in written form only for ten individual holdings or large enterprises from the total of 81 (12.3 per cent). In 59 holdings (72.8 per cent), a strategy with related tools has been elaborated, according to the statements of agro-managers, but they omit to provide it in a comprehensive written form, and 12 holdings (14.8 per cent) are operating without a strategy. In the analyzed group of holdings/enterprises a planning process prevailed with a time horizon of no longer than one year.

The following conclusions were observed in the bodies which are doing business supported by their own strategy:

- Top management was focused on growth strategy (in 33 instances), on stabilization strategy (in ten instances) and on the survival strategy (in 12 instances);
- The strategy was the means for introduction of new technologies (46 bodies), for new investments (35 bodies) and for the introduction of new production programmes (21 bodies);
- More than half of the managers from the evaluated holdings/enterprises are convinced about the correctness and suitability of their strategies for the achievement of the set objectives;
- Most of these bodies paid great attention to the new opportunities and threats in the external environment. This is because these changes can, in combination with internal failures within an enterprise, provoke the necessary corrections in actual strategy. However, this challenge is not seen as a problem by top managers, but rather as an opportunity for more dynamic development of their holdings/enterprises;
- Prior to EU accession, 58 bodies (71.6 per cent) indicated that they carried out analyses of their external environment;
- The best indication is that only nine bodies (11.1 percent) of the holdings/enterprises are unaware of their largest competitors. The remainder of the respondents were well acquainted with their business counterparts and, on the basis of this knowledge, endeavoured to assess the further actions required in strategy changes and implement other relevant actions to strengthen their position in the market.
The Use of Strategic Management

The main reason for implementation of strategic management is the necessity for permanent analysis of the entrepreneurial environment, in order to use such knowledge to correctly identify an enterprise’s objectives and to ensure the holding/enterprise’s dynamic growth (70.4 per cent).

Furthermore, from the research undertaken it emerges that managers in Slovakia consider the most useful opportunities for development of their businesses (Table No. 1) to be both investment and non-investment subsidies which are primarily provided by the EU, but also from the state budget. Favorable weather conditions are ranked in second place, and in third place, the availability of modern and environmentally friendly technologies. Table No. 1 also mentions such opportunities as the CAP for 2014-2020. However, this opportunity for larger agricultural enterprises also represented a threat, since its architecture from the very outset was more in favour of smaller agricultural holdings, which is not the case of the Slovak Republic.

### Table No. 1: The Perception of Selected Opportunities of Slovak Farmers (n=81)

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Descriptive statistics</th>
<th>AL</th>
<th>NE</th>
<th>PA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average</td>
<td>Median</td>
<td>Mode</td>
<td>KW</td>
</tr>
<tr>
<td>Subsidies</td>
<td>4,543</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Weather</td>
<td>4,506</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Modern technologies</td>
<td>4,198</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>CAP</td>
<td>3,951</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Purchase of land</td>
<td>3,617</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Creating producers’ associations</td>
<td>3,531</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Renewable sources of energy</td>
<td>2,753</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

1 Structure of farms according to the area of agricultural land in compliance with the land parcel identification system (LPIS),

2 Structure of farms according to the number of employees,

3 Structure of farms according to the production area,

**(*) null hypothesis can be rejected at a significance level of 0.01 (0.05), medians create a non-increasing sequence, medians create a non-decreasing sequence, mode no. 2 = 3,  KW – Kruskal-Wallis test (Monte Carlo Sig.), JT – Jonckheere-Terpstra test (Monte Carlo Sig. 2-tailed).

Source: Authors’ Research.

One of the opportunities favored in the survey is the opportunity to procure rented agricultural land from the state or from individual owners under favourable conditions (low interest credit, prioritization of the agro-managers who are currently cultivating the respective land etc.). Another opportunity given high consideration is the opportunity for the establishment of producers’ associations with other enterprises of the food commodity chain, in order to achieve integration of primary producers and enhance their negotiating capacity within disputes with wholesaler representatives, or with suppliers of agricultural inputs. In this way transaction costs would be reduced, competition in agriculture and in the food processing sector would be enhanced, and the supply of rural credit to farmers would be increased.

All the opportunities listed in Table No. 1 have been considered as important by representatives of the selected group, except investments in renewable energy sources. It is surprising that this opportunity is considered as a development factor by only 20 per cent of the selected holdings/enterprises. Obviously this does not mean that Slovak farmers are more reticent towards demonstrating support for renewable
sources of energy, as is the case in other parts of Europe. The main reason for this attitude arises from a wider perception of the sustainable management of natural resources. Furthermore, this situation is also affected by a general decline in agro managers’ trust in investment revenue, especially under conditions of economic crisis, volatile prices of agricultural commodities, as well as by the unsustainable approaches of incoming governments to renewable energy sources from the point of view of longer time horizons (decline, or even abolition of subsidies for green energies). On the other hand, it is important to highlight the ethical dimension of this problem. The soil, which is utilized for production of renewable energy sources, under natural and normal conditions should primarily serve for human nutrition. Nowadays, when 842 million people in the world (12.5 percent of the world’s population) are suffering from hunger and chronic under-nutrition, Slovak farmers are convinced that a sufficiently high quality food production for human nutrition must be the utmost national priority. Non-parametric testing of the trend presence in the answers of respondents confirmed that larger agricultural enterprises attach higher importance to investments in renewable sources than farms with lower acreage. Probably this trend is linked to the fact that smaller enterprises (fewer hectares of agricultural land), are not in position to generate sufficient amounts of raw material for economically effective functioning of the required technologies, or owing to low profits they will be not in a position to re-pay eventual credits. Exception is the last one, which is assessed by farmers as average. Statistical testing confirmed the presence of the trend. More explicitly, it was found that with an increasing acreage of agricultural land, managers perceive more acutely the threat of the implementation of CAP for 2014-2020. There is a similar situation with regard to the threats posed by the financial and economic crises, restrictive governmental measures in relation to agricultural producers (e.g. The Tax Act – legislation about consumption tax on mineral oils), or the increase of value added tax (VAT) on food items, the threat of import of low quality cheaper food commodities, as well as the threat of unfavourable impacts of climate changes.

Table No. 2: The Agricultural Enterprises’ Perception of the Selected Threats in Agricultural Production (n=81)

<table>
<thead>
<tr>
<th>Subsidies</th>
<th>Descriptive statistics</th>
<th>AL¹</th>
<th>NE²</th>
<th>PA³</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>KW</td>
<td>JT</td>
<td>KW</td>
</tr>
<tr>
<td>Unfavourable government decisions</td>
<td>4,494</td>
<td>5</td>
<td>5</td>
<td>*</td>
</tr>
<tr>
<td>Import of cheap agricommodities</td>
<td>4,395</td>
<td>5</td>
<td>5</td>
<td>*</td>
</tr>
<tr>
<td>Weather</td>
<td>4,222</td>
<td>5</td>
<td>5</td>
<td>⊕</td>
</tr>
<tr>
<td>Volatile prices</td>
<td>4,210</td>
<td>4</td>
<td>5</td>
<td>⊕</td>
</tr>
<tr>
<td>CAP</td>
<td>4,086</td>
<td>4</td>
<td>5</td>
<td>*</td>
</tr>
<tr>
<td>Crises (economic, financial, etc.)</td>
<td>4,062</td>
<td>4</td>
<td>5</td>
<td>⊕</td>
</tr>
<tr>
<td>Low consumers’ preference for Slovak food</td>
<td>3,926</td>
<td>4</td>
<td>5</td>
<td>⊕</td>
</tr>
<tr>
<td>Climate change</td>
<td>3,840</td>
<td>4</td>
<td>5</td>
<td>⊕</td>
</tr>
<tr>
<td>Animal and crop diseases</td>
<td>3,753</td>
<td>4</td>
<td>5</td>
<td>⊕</td>
</tr>
<tr>
<td>Foreign farmers</td>
<td>3,407</td>
<td>3</td>
<td>3</td>
<td>⊕</td>
</tr>
</tbody>
</table>

¹ Structure of farms according to the area of agricultural land in compliance with the land parcel identification system (LPIS),
² Structure of farms according to the number of employees,
³ Structure of farms according to the production area,
** (*) null hypothesis can be rejected at a significance level of 0.01 (0.05), medians create a non-increasing sequence, Å medians create a non-decreasing sequence,  mode no. 2 = 5, KW Kruskal-Wallis test (Monte Carlo Sig.), JT Jonckheere-Terpstra test (Monte Carlo Sig. 2-tailed), SDCF – Steel-Dwass-Critchlow-Fligner test, BPZ beet production zone, MPZ – mountain production zone, PPZ potato production zone.

**Source: Authors’ Research.**

With regard to the factors which influence business success in agricultural primary production, managers rank highest subsidies emanating from EU funds, or from the national budget shown in Table No. 3. Once again this confirms that individual farmers or managers of larger agricultural enterprises are substantially relying on subsidies for a large part of their income. However, it should be highlighted that in 2010, for 1 hectare of agricultural land, Slovak farmers received EUR 257 from EU sources. Slovakia was ranked in 21st place. In this way, the competitiveness of Slovak farmers within EU is constantly declining. Farm gate prices are listed in second place as a significant success factor, and furthermore input prices, energy costs, fuels, followed by production costs, managers’ and farmers’ knowledge and experience, and supportive government decisions, as well as the CAP. It is interesting, that agro-managers listed as the last, opportunities for enhancement of non-agricultural activities at the individual agricultural holdings and enterprises. This attitude is in considerable contradiction with other EU-27 States. In a period when the vulnerability of agricultural holdings and enterprises is increasing, non-agricultural activities can represent a key factor for the economic survival of farms. Most likely this response is influenced by the lower national support for rural development in comparison with other countries such as the EU-15.

**Table No. 3: The Agricultural Enterprises’ Perception of the Selected Success Factors in Agricultural Production (n=81)**

<table>
<thead>
<tr>
<th>Success factor</th>
<th>Descriptive statistics</th>
<th>Average</th>
<th>Number of Employees</th>
<th>Production Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Average</td>
<td>Median</td>
<td>Mode</td>
</tr>
<tr>
<td>Subsidies(F1)</td>
<td></td>
<td>4,778</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Production’s market price(F7)</td>
<td></td>
<td>4,728</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Input prices(F8)</td>
<td></td>
<td>4,691</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Energy prices(F9)</td>
<td></td>
<td>4,605</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Cost of production(F5)</td>
<td></td>
<td>4,543</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Cost of production(F5)</td>
<td></td>
<td>4,543</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Management’s capability(F10)</td>
<td></td>
<td>4,407</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Slovak Government’s policy(F3)</td>
<td></td>
<td>4,383</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Weather(F11)</td>
<td></td>
<td>4,370</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>CAP(F2)</td>
<td></td>
<td>4,321</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Quality of production(F6)</td>
<td></td>
<td>4,321</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Diversification(F4)</td>
<td></td>
<td>3,148</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

**(***) null hypothesis can be rejected at a significance level of 0.01 (0.05), medians create a non-increasing sequence, Θ medians create a non-decreasing sequence, *mode no. 2 = 5, KW Kruskal-Wallis test
The results of our research demonstrate that strategic management has had a statistically significant impact on the key financial indicators of the companies in our sample. The conclusion is as follows: the more developed the strategic management process is, the higher the earnings before tax are per one hectare of arable land and per one employee. What is even more important is that strategic management also has a positive impact on the return in investment.

Taking into account the above conclusions, it can be stated that strategic management and the presence of its individual tools can successfully impact the production and economic results of individual holdings and agricultural enterprises. With regard to the socio-economic development of the Slovak Republic and its EU membership, it is important to perceive strategic management as a powerful and rational instrument, particularly with respect to rural development, in ensuring food security, in relation to adaptation to climate change, with regard to volatile price developments, and in connection with the sustainable management of natural resources and enhancement of the absorption capacity of EU funds.

Strategic management and its individual tools can be utilised profitably only where agricultural strategies operate alongside all food chain vertical relationships, starting with the EU and continuing through the respective national governments (ministries, and agricultural and food processing enterprises). Only in this way will the Slovak Republic be able to benefit from the presence of relatively rich human and natural resources, as well as from an open market and the financial opportunities stemming from its EU membership.

Discussion

The research conducted confirmed that with increased application of strategic management in the activities of top management, the value of profitability of the total capital with the use of earnings before tax (EBT) is growing. Furthermore, with an increased level of strategic management, the values of gross income per hectare are growing. Similarly, with strengthened strategic management, the value of business results per capita has been augmented. It was also confirmed that active implementation of strategic management and the presence of its individual tools can substantially differentiate successful enterprises from less successful ones. Subsidies have a pronounced impact on an enterprise’s ability to generate positive economic results. This outcome was already confirmed by other similar studies related to this subject (Varoššák and Izakovič, 2007). Strategic management is essential also for the agriculture and food processing sectors. This is because of the necessity to adapt to climate change and due to the pressing need to secure enough foodstuffs for a constantly growing world population. Similarly, it is crucial for sustainable management of natural resources. Furthermore, if agricultural farms are expected to scale up their production, their economic and financial position and their ranking in the market, then they must pay increased attention to the involvement of strategic management in the agricultural and food sectors at all levels of management, starting from the EU, continuing through national governments, related institutions up to the level of individual holdings and large enterprises.

Out of the 81 holdings/enterprises, only ten elaborated a strategy in written form (13.6 per cent). In comparison, the response to an analogical survey conducted in 2012 in a sample of German companies (mainly industrial) was roughly 42 per cent (Kutscheid et al., 2013). Our results are in compliance with conclusions of Džupina (2006), Szabó and Jankelová (2006), and Varoššák and Izakovič (2007) having stated that the implementation of the strategic management in the agricultural sector is in its initial stage.

Top management principally specified growth strategies (in 33 holdings/enterprises), stabilisation strategies (in ten cases) and survival strategies (in 12 cases). Research confirmed that those enterprises
who are in consistent way applying the strategic management are investing more into the new technologies. However, they are highlighting the needs for growth of the public investments into the sector. According of the agro-managers involved into the research the extremely important role is played in this respect by the EU and national agricultural policies.

Public investment in agriculture is extremely supportive for development of economic activities and for enhancing the well-being of the rural population (FAO, 2012). However, this very much depends on the type of spending selected. Investment in agricultural infrastructure, research and education has a much higher return than spending on subsidies for agricultural short-term inputs. In this regard, it will be important to redirect EU subsidies from direct payments to support for long-term investments in the sector.

Strategic management is becoming crucial for agricultural holdings/enterprises in the current turbulent world economy, resulting mainly from multiple crises beginning with the problem of volatile food prices, continuing through the financial and economic crises, and the Eurozone crisis. Moreover, for agricultural holdings/enterprises the situation is more complex due to their high dependence on natural resources, weather conditions, the impact of climate change, and increased energy prices, the future direction of the CAP and other factors. The rational implementation of strategic management can substantially assist them in dealing successfully and effectively with the complicated conditions of the external and internal environment. However, it is matter of fact that the above opinion of the most progressive agro-managers is not always fostered by the all of their colleagues from the other agricultural holdings/enterprises.

Conclusion

Strategy is the ultimate responsibility of an organisation’s leader; it is an art and deals with projecting and directing effective production and socio-economic activities. A present day enterprise is positioned at the centre of a complicated and changing business environment requiring far-reaching shifts of perspective. Orientation under unstable conditions, designation of the right direction to take, selection of objectives and the correct way to achieve them, are among the key tasks of enterprise management. From a theoretical and practical viewpoint, well executed strategic management can ensure the survival of an enterprise, and can contribute to successful outcomes which could position the enterprise in the forefront of the respective business sector. For agricultural holdings/enterprises, strategic management is becoming a very important topic which is crucial when facing the type of conditions linked to recent turbulent developments. A rational approach to strategic management can support these holdings/enterprises in a successful administration of their businesses under the current uncertain environment which affects a significant part of the agricultural and food sector in the Slovak Republic.

References


