

Entrepreneurial growth intention and capability approach in agriculture: lesson from Sri Lanka

Lesson from
Sri Lanka

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Abstract

Purpose – It is imperative to offer a new perspective of Entrepreneurial Growth Intention (EGI) that draws directly upon the capability approach. The aim of this study is to investigate the role of capabilities in the context of EGI in the floriculture industry in Sri Lanka.

Design/methodology/approach – The study was exploratory and is mainly qualitative in nature. In-depth interviews were carried out with the owners of farms who possess experience in floriculture commercial cultivation in Sri Lanka.

Findings – The results emerged that there are different perspectives among farm owners regarding EGI. Drawing attention on the stories of our participants and making a three-phase analysis, we identified 31 key actions denoted by the farm owners. This work then suggests that the seven capabilities might be fruitfully framed around EGI.

Research limitations/implications – As the results stress the role of capabilities in the formation of an entrepreneur's growth intention is vital. Therefore, more targeted measures should be drawn to build fair and supportive facilities to obtain advanced knowledge, to familiarise with the emergence of technology and to attain professional services specifically in financial literacy.

Originality/value – The question of what factors influence EGI at the farm level is still largely unexplored as less is known about the effect of capabilities on EGI. The study expands the current debates on EGI and institutional environment, which allows the mapping out of capability development.

Keywords Capability approach, Entrepreneurial growth, Agribusiness, Floriculture, Sri Lanka

Paper type Research paper

1. Introduction

Entrepreneurship is an attracting research interest, widely talked about in literature (Gupta *et al.*, 2019; Pato and Teixeira, 2016; Tomizawa *et al.*, 2020) as an entrepreneur contributes to create economic values. Using different empirical settings, various views have been expressed as approaches in the investigation of entrepreneurial opportunities, determinants of entrepreneurial behaviour and the relationship between entrepreneurship and economic growth. Existing research, on entrepreneurship predominantly concerns issues about business start-ups (Paudel, 2019; Tiwari *et al.*, 2019) rather than on the growth intention of entrepreneurs (Brown and Mason, 2017). Lau *et al.* (2012) insist that increased contribution of entrepreneurs necessitates the understanding of universal as well as culture-specific antecedents of entrepreneurial firm growth. This has prompted the question of special characteristics of high growth entrepreneurs with persistent growth and factors that could explain why some firms/individuals are able to achieve high entrepreneurial growth while others do not (Dillen *et al.*, 2019). As such, recently, entrepreneurial research has attracted considerable attention to Entrepreneurial Growth Intention (EGI) (Wang and Yaokuang, 2019). With a lineage from entrepreneurial ecosystem research, attention was mainly paid to establish favourable institutional environment (institutional support namely law systems,

formal financial sectors, administrative procedures and organisational structure) for productive entrepreneurship (Brush *et al.*, 2018) and engagement in entrepreneurship with regard to individual-level factors (household income and level of education) (Lim *et al.*, 2016). In this vein, the theoretical foundation of EGI is based on institutional theory, which highlights the framework in identifying the shades of institutional influence on growth intention of entrepreneurs (Wang and Yaokuang, 2019).

However, the sociological version of neo-institutional theory claims that the constructive process of a shared knowledge and belief system could inspire the growth intention of entrepreneurs (Scott, 1995). Additionally, culture, social norms and collective practices are also found to have a decisive influence on EGI (Autio *et al.*, 2013). Poirine *et al.* (2017) further argued that it is vital to establish a link between entrepreneurship and new cultural dimensions such as thrift and sharing. In what follows, the specific conditions under which an individual or firm might have the necessary freedom to undertake entrepreneurial growth are yet to be made clear (Wilson and Martin, 2015). Thus, it requires the understanding of necessary conditions or actions that must be in place in order for entrepreneurial growth to take place. In other words, "what are the drivers that predict EGI?" is an interesting question.

Considering the state of the art of the discussion between entrepreneurial growth and organisational potential, there is an opportunity to draw attention on dynamic capability framework. Hence, this study intends to offer a new perspective of EGI that draws directly upon Capability Approach (CA). It is widely accepted that the application of resources and capabilities affect organisational success and growth (Grant, 1991). The main differences between resources and capabilities are that resources are independent, simple and static, whereas capabilities are collective, complex and dynamic. In this context, Makadok (2001) specifically argued that organisations can perform better by selecting suitable resources than their rivals, by integrating them with proper capabilities. CA explores the well-being of individuals not through what they already have, but in terms of the possibilities on choosing to do or be other than what they already do or are (Wilson and Martin, 2015). That is why Barreto (2010) argued dynamic capability as the potential of organizations to deal with stress. Further, dynamic capability is also recognised when there is an offering of solutions to create a value for the organisation (Eisenhardt and Martin, 2000). Moreover, the empirical results of Khalid and Larimo (2012a) showed that initial survival and growth following the survival of a firm are positively and significantly influenced by dynamic capability. In this sense, to maintain survival and to deal with a constantly changing environment, entrepreneurs must develop dynamic capabilities. The linking of entrepreneurship and CA is a contentious task (Wilson and Martin, 2015). However, the role played by capabilities in EGI of a firm has yet to be proved. Thus, the need for a common conceptualisation of dynamic capabilities and EGI represents a major gap in the literature.

The fascinating truth about growth in agriculture business (agribusiness) is that agricultural firms/farms have been forced to adapt to new challenges such as changes in the market, consumer habits, food safety, sustainability and biotechnology (Lans *et al.*, 2014). Therefore, entrepreneurship has always been an integral part of the agricultural sector (Yessoufou *et al.*, 2018). Identification and search of entrepreneurial opportunities are considered to be important processes for agricultural farms and some farmers/growers seem to be quite successful in developing themselves as entrepreneurs. For instance, through diversification or product innovation (Lans *et al.*, 2014). One aspect here returns to the role of the diversified farmer as an entrepreneur (McElwee, 2006). However, it is not clear whether they intend to advance what they have already grown as an entrepreneur. The process of EGI can be seen in effectuation logic (Sarasvathy, 2001) where assuming that farmers are choosing to do or be other than what they already do or are. It is thus essential to understand agricultural entrepreneurship in the growth aspect, considering that it covers an activity with specificities (Dias *et al.*, 2019).

It is therefore imperative to investigate the effect of capabilities in the context of EGI in the agribusiness sector. Therefore, we examined a less investigated entrepreneurial case of the floriculture industry in Sri Lanka. Sri Lanka located in in South Asian region, is viewed as a fertile ground for the practice of entrepreneurship (Gupta *et al.*, 2019). As Gupta insisted, the ancient silk route, the primitive spice trade and the historical recognition of the role of traders highlight the rich heritage of entrepreneurship in South Asia. However, considering the vital role of entrepreneurship as an engine of economic growth, entrepreneurship research in Sri Lanka is still in its infancy. Here, the floriculture industry is heading into out-of-the-box thinking and has a supportive environment for innovations. The industry has emerged as a high-income creator in Sri Lanka and the country is renowned as one of the world's best floriculture products suppliers (Padmini and Kodagoda, 2017). For instance, the floriculture sector constituted 2.3% of GDP and 4.45% of export earnings in 2019 and provided around 5000 direct employment and over 15,000 indirect employments. The total export value of floriculture product for the year 2018 was LKR15.4 Bn and annual growth in value in Sri Lankan export (2013–2018) is 5.47%. Moreover, an estimated 10000 families are engaged in floriculture farming, which could also mean that the sector is dominated by smallholding farm families. Given this scenario, Sciascia *et al.* (2015) highlighted the fact that innovation management [entrepreneurship] researches primarily focused on large listed firms, however more research on entrepreneurship in privately held or family-owned Small and Medium-sized Enterprises (SMEs) is required. The floriculture industry is potentially emerging as a means of socio-economic development in Sri Lanka, especially with the intention of empowerment of women. As per the development goals in Sri Lanka, to reduce poverty, the gender gap in employment should be minimized by the empowerment of women (Kodagoda, 2013). Thus, the country needs to focus on more revenue penetration options coupled with floriculture related value propositions as one of the main business models to be executed.

We are aware that EGI has gained some attention in the literature, yet the debate in respect of the determinants of EGI is far from being complete. In line with that, empirical researches address the effect of the institutional environment on entrepreneurial growth (Lim *et al.*, 2016); contextualised the role of human capital theory and institutional theory to link between human capital and entrepreneurial performance (Estrin *et al.*, 2016) and hypothesised the contingent role of capital theory and institutional theory on social entrepreneurship entry (Sahasranamam and Nandakumar, 2020). The existing entrepreneurship literature focuses on the importance of social-motivation of individuals as determinants of entrepreneurship performance; however, broader abilities are needed to act upon those values that have been rarely considered.

We take particular interest in CA in EGI since CA indicates a clear interest in the individual's ability to do and be (Nussbaum, 2011). This study maintains that in empirical studies, not much evidence has been found to support the vital role played by CA in EGI. New evidence (Wilson and Martin, 2015) indicates that central premise of CA is that although individuals have the potential or capacity "to do and be" they do not always have the freedom to follow these things through, even if they wish to. Undeniably, different possibilities for choosing to do or be are accessible to people living under various nations and cultures. This shows that the debate on the influence of CA on entrepreneurial growth is still largely under the discussion. We make a novel contribution to the debate by focusing attention on the agribusiness sector.

An even more important reason to focus on entrepreneurial growth in the agribusiness sector in developing context is the fact that entrepreneurial actions in this context are operating within or near to poverty setting and less regulated institutional environment. In doing so, the study expands the current debates on EGI and institutional environment, which allows the mapping out of capability development in order to understand the capacities they have.

The rest of the paper is presented as follows: Section 2 reviews the literature of the subject and discusses the conceptualization of EGI and CA. Section 3 presents the study design and Section 4 presents the findings of the study. Finally, Section 5 presents the conclusion with research implications.

2. Literature review

2.1 *Entrepreneur farmer*

Gray (2002) defines an entrepreneur as an individual who manages a business with the intention of expanding that business and with the leadership and management capabilities for achieving their goals. Unfortunately, this definition was unable to differentiate the entrepreneur from the manager. Acknowledging that Fortunato (2014) indicate that entrepreneurship as an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organising, markets, process and raw materials through organising efforts that previously had not existed. Having said so, entrepreneurship definitions share common characteristics such as change-oriented, opportunity seeking, innovative, risk-taking and value-creating. Accordingly, the long-held definition of entrepreneur or entrepreneurship was "creating a new venture" (Fortunato, 2014). This popular notion of an entrepreneur does not include farmer as an entrepreneur because crucial production factors of agriculture, land, is limited and agricultural practices can be transferred from one generation to another. As such, the agricultural sector would end up with very limited entrepreneurs. In this scenario, McElwee (2006) defined entrepreneur farmer as an individual employed either on full time or part-time basis in farm activities (soil cultivation, crop growing and livestock rearing) and non-farm activities (market seeking, customer handling) undertaken for profitable gains. By looking at the core features of today's commercial agriculture, Adhikari *et al.* (2017) bring the agricultural perspective into entrepreneurship research debate. Accordingly, the authors propose an entrepreneur as a change-oriented and value creating entity willing to embrace innovation to capitalize on opportunities. Here, the authors argued that attitudes and behaviour towards change-orientation, value-creation, innovation and utilising opportunities are critical characteristics of an entrepreneur farmer. However, this definition ignored the risk-taking feature of an entrepreneur. The authors believed that the farmers are risk averters rather than risk-takers.

In all these arguments, Naminse and Zhuang (2018) defined entrepreneur farmer as an individual employed either on a full time or a part-time basis in farm activities (soil cultivation, crop growing and livestock rearing) and non-farm activities (market seeking, customer handling) undertaken for profitable gains. Concerning the typical characteristics of entrepreneurship derived from the entrepreneurship researches, Sachitra (2019) expands the definition of an entrepreneur farmer as an individual employ either on a full time or part-time basis in farm and non-farm activities, who is a change-oriented and value-creating entity willing to take risk and embrace innovation, has regard on resources, product, process and market, to capitalize opportunities.

2.2 *Entrepreneurial growth intention*

Prior studies suggest that each firm has to start, then grow while facing various challenges and crises, and finally mature and decline. An entrepreneurial firm is successful if it is growing. Growth can be defined in terms of quantitative form (revenue generation, value addition, expansion in terms of volume of the business) and qualitative form (market position, quality of product and goodwill of the customers) (Gupta *et al.*, 2013). As stated earlier, growth is a vital indicator of a floriculture farm. There are many factors such as characteristics of the entrepreneur, access to resources: finance, and manpower which affect the growth of the farm and differentiate it from a non-growing farm.

Entrepreneurial growth intention (of farmers) can be defined as their preference in the willingness to innovate, to revive market offerings, expand resource accessibility, take risks to try out new products and markets and be more proactive than competitors toward risk taking (Edelman *et al.*, 2010). In line with that, the EGI of floriculture farm can be predicted on the basis of commitment on business expansion (new product/market), change orientation (exploring new species and developing new cultivars, novel propagation protocols and techniques, improved plant growth and management and innovative post-harvest management practices) and risk taking of the farm owner.

The theoretical foundation of EGI is the institutional theory, which highlights the framework to identify the shades of institutional influence on growth intention (Wang and Yaokuang, 2019). Accordingly, regulative pillars of institutions namely laws, policies and rules provide opportunities and support for entrepreneurial activities. The positive regulative environment inspires entrepreneurial growth through access to market, labour, loans, subsidies and tax preferences. However, in here, Gómez-Haro *et al.* (2011) opined that the influence of institutional features on a firm's approaches is a perceptual phenomenon by nature, and firm managers/owners will only react to their perceptions of the context. Lau and Busenitz (2001) emphasised that since intentions depend on individual's perception, entrepreneur's subjective perceptions of business environment are more important than objective circumstances to determine their growth intentions. Entrepreneurial activities take place in constantly changing local contexts; therefore a dynamic perspective in exploring the contextual embeddedness of institutional environment is necessary when defining their internal workings in transitional economic systems and changing cultures (Wang and Yaokuang, 2019).

Given that sense, the sociological version of neo-institutional theory identifies that the constructive process of a shared knowledge and belief system could inspire growth intention of entrepreneurs (Scott, 1995). To strengthen this opinion, the theory of development (Nussbaum, 2011) emphasised the importance of individual differences in the ability to transform resources into valuable actions. The growth potential of the business is firmly limited to the personal capacities of the individuals (Clifford and Cavanaugh, 1985), therefore owner/manager is required to assume managerial responsibilities for which specific capabilities are needed. As such, it requires understanding that the distribution of freedom in society must be placed in order for the growth of entrepreneurship. On this basis, CA develops an explicit interest in the individual's freedom to choose and act (Nussbaum, 2011).

2.3 Capability approach (CA)

Penrose's legacy is one of the main intellectual foundations for modern resource-based theories of business strategy and theories of organisational routines and capabilities. However, there is a task that Penrose left untouched, that is link dynamic capabilities framework into entrepreneurial management (Augier and Teece, 2007). The term "capability" is defined as a firm's capacity to deploy resources while combining firms' processes (Amit and Schoemaker, 1993). When it comes to the emphasis on entrepreneurship theory, the capability is treated as an internal resource of the individual (Wilson and Martin, 2015). Beyond focusing on the impact of institutional environment on EGI, CA distinguishes itself from existing objective circumstances by concerning the individual's perception of entrepreneurship.

CA focuses on the functioning or living conditions of individuals, which are defined as what people can or cannot do or what they can or cannot be (Sen, 2004). The core concepts in this approach are a person's functioning, which are beings and doings (being well-fed or literate), and person's capabilities (the genuine opportunities or freedoms to realise this functioning) (Robeyns, 2005). Thus, CA explores the well-being of individuals not from what

they already have, but concerning the possibilities for choosing to do or be other than what they already do or are (Wilson and Martin, 2015). Sayer (2011) further holds that CA challenges individuals to take a position on where they stand regarding human values. From these aspects, we can integrate CA into entrepreneurship because entrepreneurship definitions share common characteristics such as change-oriented, opportunity seeking, innovative, risk-taking and value-creating.

Moreover, the central premise of CA is that although individuals have the potential or capacity "to do and be" many things, they do not always have the freedom to follow these things through, should they wish to. Indeed, very different kinds of opportunities are accessible to people living under different regimes, countries and cultures (Wilson and Martin, 2015). This is why Nussbaum (2011) argues that capabilities are normative and should not be considered unchanging, or as being closed to revision, given greater cultural understanding. According to Nussbaum (2011), the capability is devised as internal capability and combined capability. Combined capability is referred as capabilities that are formed with the interaction of structure and agency, whereas internal capability can be developed through education, physical and emotional health and family support. Critically, CA argues that the nation may be good enough to develop internal capabilities; it may not offer an opportunity to turn capabilities into actions. CA therefore indicates that combined capability can be defined as internal capability plus social/political/economic conditions. Thus, CA attempts to link economic and human development theory through suggesting that entrepreneurship theory should not be concerned with the interests of practicing entrepreneurs, but must also consider the affordability of entrepreneurial freedom (Wilson and Martin, 2015).

Since entrepreneurial activities take place in a constantly changing environment (Brown and Mason, 2017), a dynamic aspect of capability approach is necessary to be explored. Grant (1996) defines dynamic capability as the ability of a firm to perform a productive task repeatedly, which relates either directly or indirectly to the capacity of the firm for creating value through effecting the transformation of inputs into outputs.

The literature on dynamic capabilities has suggested a number of conceptualisations of different capabilities. All of the conceptualisations are based on the conceptual framework developed by Grant (1996). Accordingly, the framework consists of four categories of capabilities, namely cross-functional, broad-functional, activity related and specialised. Grande (2011) proposes that the dynamic capabilities of firms include the ability to sense market opportunity, ability to integrate knowledge, ability to build networks and market orientation. Considering the state of the art of CA, the studies (Batra and Dey, 2019; Derissen *et al.*, 2011) are further conceptualised into different pillars of capabilities such as adaptability to organisational learning, knowledge management, communication, sharing and exchanging knowledge and technological capabilities. As Wilson and Martin (2015) stated, the linking of entrepreneurship and CA is not an uncontentious task. Nevertheless, there is still a lack of comprehensive understanding of what essential capabilities are required to be possessed in EGI. This has become an interesting question when more opportunities and resources are perceived through the environment where entrepreneurs are eager to possess the required capabilities to adopt innovative, risk-taking and proactive strategies. Thus, it is high time to employ CA to examine what type of capabilities are required to possess EGI in the agribusiness sector.

3. Study design

The scope of the study includes the entities engaged with floriculture industry in Sri Lanka. Their importance is reflected in their significant contributions in terms of total agricultural exports as well as in total to the Sri Lankan economy. At present, floriculture covers 9

provinces, including 25 districts in Sri Lanka. According to Sri Lanka Council for Agricultural Research Policy, there are 10000 floriculture households (farms) involved with commercial cultivation. For the purpose of the study, floriculture farm owners in Colombo, Gampaha and Kalutara districts were selected as the target population. These districts were selected due to its highest population and presence of higher number of growers attributed to the availability of exporting and local market facilities. Divisional Secretariat Office of each selected district maintains the business registration list. Accordingly, floriculture business entities were selected and floriculture farms were sorted out as the target population of the study, in total 1453 floricultural farms (Colombo – 497; Gampaha – 488; Kalutara – 468). The target population was diverse with regard to farm owners' gender, farm size, experience in commercial cultivation and the possibility of obtaining family members' support.

The study was based on an exploratory approach, adopting a qualitative research design. In-depth interviews were conducted with floriculture farm owners, who had been selected randomly. Authors initially decided to conduct 20 interviews; therefore proportionate stratified random sampling technique was used to select 20 entities as the sample (Colombo – 7; Gampaha – 7; Kalutara – 6). With the emergence of saturation of themes (Saunders *et al.*, 2017), a number of interviews conducted could be altered.

The objective of the interviews is to generate a rich process understanding of EGI in farm owners and to identify all sorts of relevant actions taken as major drivers for entrepreneurship growth in their business. The interviews encouraged the use of participants' own vocabularies and allow mimicking real-life experiences (Braun and Clarke, 2013). Since business expansion strategies are very sensitive in business life, authors suggest that one-to-one interviews will enable respondents to reveal their views and ideas freely. The study therefore preferred to employ individual interviews.

Interviews were open-ended and followed a protocol. The protocol represented the general rule respected by authors to guarantee the reliability of the study. According to Yin (2003), the protocol contained field procedures and a guide to report the data. The first section of the protocol involved an initial unstructured narrative section in which the participants were asked to tell life stories and give an account of their floriculture business. The second section of the interview consisted of a set of specific questions, probing: areas of expanding business, activities they followed to expand the business, situations that facilitated to expand the business, internal strengths they have, external support they obtained, the difficulties they faced, how they overcame those difficulties and future expectations in their business.

The interview guide was then translated into the Sinhala language in order to overcome the language barrier with respondents. The interviews were conducted in Sinhala, translated into English, and then back-translated into Sinhala to check for consistency. In the process of translation, the authors acquired the service of a professional bilanguage translator.

The study pre-tested the initial interview guide with four randomly selected farm owners. Based on the pre-tested feedback, some adjustments were made and there were no sensitive issues relating to the questionnaire guide.

The authors conducted all the interviews, and each ran for about 50–60 min. Interviews were audiotaped with the permission of the participants and then transcribed. For reciprocity, a copy of transcript was given to the participant. The responses were coded based on the interview number (I1). For the purpose of data triangulation, we collected data from interviews with informal discussions among agriculture officers, academic expertise and ourselves.

The data analysis of the interviews consisted of three phases. First, we analysed the notes to capture the respondents' overall perspectives. The transcripts were read and reread to get a feel for the whole (Creswell *et al.*, 2007). Second, in order to reduce the data, we developed codes for further sorting. Coded data were recorded into a coherent pattern, which highlighted emerging points (Strauss and Corbin, 1990). Third, we reviewed the master map

and grouped the emerging points prior to finalising the thematic map which defined key themes. Investigator triangulation was employed for ensuring that the responses, data coding and data analysis are robust, valid and reliable. Initially, the authors who conducted the interviews and discussions performed these three phases individually. Next, the authors shared their notes and repeated the three phases. Then, all the notes were given to an expert of the field and was requested to perform the three phases. Finally, the comparison was performed among three results and all authors identified and finalised key themes. An attempt is made to identify any themes which appear to emerge from the data, and these themes are thus examined in order to suggest a strategy for further data collection. The cycle then continues, with a progressive attempt to either identifying new themes or amending existing ones. The data collection and the phases of the analysis described above have followed nonlinear steps.

A total of 17 interviews were conducted until the authors noted the emergence of saturation of themes (Saunders *et al.*, 2017). The interviewed participants ranged from below ordinary level education to higher education levels. The reasons for starting this business were many, such as; the result of a school project; a family business; government initiation and a hobby.

4. Findings and discussion

Out of the 17 interviews conducted, 7 farm owners were male, with the remaining 10 being female. The majority of respondents are more than 40 yrs old with 10–15 yrs of floriculture business experience. Seven interviews were conducted in Colombo district and four and six interviews were carried out in Kalutara and Gampaha districts respectively. During the interview period, none of the participants were engaged in floriculture export business on their own. With regard to the farm size, 14 farms cultivate less than 0.8 hectares, implying smallholding farms. Since the sector is dominated by smallholding farm families, family members mainly play key roles as employees. Out of 17 farms, 6 farms employ family members only; however 11 farms were able to recruit 5–10 employees outside the family circle.

First, the study focused on the EGI of the farmers. Here, we were concerned about the respondents' preference regarding future size of the business, change orientation and risk-taking. Accordingly, three farm owners perceived their intention on moving ahead with business expansion with regard to opening new cultivation plants and showrooms. Four owners revealed that they have already forecasted to expand their customer network in local market and have made discussions to enter into foreign markets. Additionally, two farm owners emphasised that they have cultivated new varieties of flowers while taking advice from agriculture officers and friends in foreign countries. Regarding risk and handling of challenges, three owners highlighted that they trust their own judgments when doing business and they understand the risk associated with this sector (i.e. disease, weather conditions and demand fluctuation) and further they enjoy the challenging incidents that they face in this business. Moreover, two farm owners specifically mentioned that they were not afraid to take loans from financial institutions. The reason for highlighting this viewpoint is, as they mentioned, some farm owners invest their own money in the business while sacrificing day-to-day requirements because they were scared to take loans from financial institutions.

For example, I-6, stated that; *“even though we have our own savings, we take loans because we have confidence that we can settle the loans with our income. Most of floriculture farm owners use their savings on the business because of having fear that they can't settle the loans in time. We work hard towards the growth of our farm than others”*.

As we highlighted here, we found that 13 farm owners (out of 17) perceived they intend in moving ahead with business expansion (new branches, showrooms), enlarging customer

networks (local and foreign), experimenting new floriculture products, export orientation and handling risks. In Table 1, we illustrate the view of EGI of the selected farm owners with relevant evidences.

The remaining four farm owners eagerly emphasised that though they know the possibilities of earning more from this business, they desire to continue existing business practices without captivating extra burden and risk. These results emerged that there are different perspectives among farm owners regarding EGI. Since the study intends to explore the role of capabilities in the context of EGI in floriculture industry, 13 farm owners who perceived EGI were considered for further analysis.

Drawing our attention on the stories of our 13 participants and making a three-phase analysis, 31 key emerging points were highlighted denoted by the farm owners. These 31 emerging points, were considered as potential indicators of phenomena. Then, we reviewed these 31 indicators and grouped them prior to finalising the thematic map which defined primary code, secondary code and key themes (Strauss and Corbin, 1990). Initially, the authors performed this grouping task individually. Accordingly, firstly the author finalised six groups (search information; financial ability; resource gathering; technological expertise; sharing ability; communication) and the second author identified five groups (financial know-how; information sharing; searching new information; obtain knowledge; adopting new technology). Then, all the notes were given to an expert of the field and requested to perform

Theme	Evidence	Responder code (example)
Future size of the business	"I am planning to open new farm because I can't fulfill the demand I get from this farm. I have already applied for a loan to buy a land"	I-3
	"Since my customers are coming from different towns, now I need to open another showroom in town. I know it is costly but I can expand my customers"	I-10
	"We have a delivery lorry, so we distribute plants to customers in different towns. I need another lorry to expand our delivery network"	I-14
	"I need to enter foreign market, but I can't do it alone. So, I made contact with an exporter. These days I am studying export requirements for floriculture"	I-7
Change orientation	"I make small experiments regarding new flowers specially in their colours. I need to make different colour flowers, so my customers can decorate their gardens in unique ways"	I-11
	"I get details of flowers grow in foreign countries because one of my friends lives in foreign country and engages in floriculture business in there. I tried to grow some varieties suite with our weather condition. . . , but not success much yet. But I try further"	I-5
Risk taking	"Since I am doing this business more than ten years, I know how to handle the risks specially with diseases and weather conditions. I believe that to have successful business we must accept the risk"	I-16
	"Sometime we make profit and sometime we have loss, so that is why we called it business. We learn lesson from them and move forward"	I-2
	"I am not afraid to take loans from banks. Why should I put my own money to do business if we have sources to get money?" Taking loans inspires me to work hard in order to make my farm success'	I-8

Table 1.
Entrepreneurial
growth intention of the
farmers

the categorisation. The expert categorised 31 indicators into 7 groups namely learning ability; network building; recombining resources; ability to adopt new technology; financial control ability; information sharing and transactional exchange (Refer Figure A1 in Annexure).

Finally, the comparison was performed among three results and the authors identified and finalised key themes. Accordingly, the authors then grouped these actions into five categories namely; organisational learning capability, alliance formation capability, technological capability, process management capability and financial know-how capability. This work then suggests that the five capabilities might be fruitfully framed around the EGI of floriculture farm owners in this study (Table 2).

Knowledge is viewed as one of the organisational dimensions that influence the organisation's propensity to value creation and contribute to successful innovation (Baker and Sinkula, 2002). New knowledge needs to be developed for the activities of creating, extending and modifying the routines and resources of firms in response to changing market conditions (Amarakoon *et al.*, 2016; Batra and Dey, 2019). As said so, knowledge source is the extent to which a firm prefers to develop new knowledge internally versus the extent to which it is more likely to seek inspiration in ideas developed externally (Dibella *et al.*, 1996). Modern-day agriculture urges farmers to capture greater value based on know-how and this leads to active searching of new information and knowledge. Learning ability is essential for economic survival and the success of the agricultural sector also depends on the learning capacity of farms (Nieuwenhuis, 2002). When it comes to entrepreneurship, Hurley and Hult (1998) conceptualized knowledge as one of the innovative dimensions, which represent

Key theme (capability)	Indicators
Organisational Learning Capability (OLC)	<ul style="list-style-type: none"> Search new varieties of flowers introduced into market Follow advice given by farmers' organizations, family and friends Participate in training sessions conducted by relevant authorities Search floriculture information in foreign countries Able to know export requirements Search information about flower export market Search export quality standards of flowers Contacts with floriculture exporters Active relationships with farmers' organizations
Alliance Formation Capability (AFC)	<ul style="list-style-type: none"> Negotiate with other farmers about the issues in farming Share floriculture techniques with other farmers Share planting materials with other farmers Exchange the market opportunity information with other farmers When we get excess demand, we like to share it with other farmers One we are unable to supply market demand; we like to offer that opportunity to other farmers Connections with flower growers in foreign countries
Technological Capability (TC)	<ul style="list-style-type: none"> Apply new techniques used in planting Use social media apps for business promotion Use mobile app to get technical advice and guidance Perform small scale experimentation
Process Management Capability (PMC)	<ul style="list-style-type: none"> Control diseases Apply environmental control techniques Use phycolgical control techniques Use tissue culture growing technique
Financial Know-how Capability (FKC)	<ul style="list-style-type: none"> Risk and returns are concerned before investing money into business Seek business advice from financial professionals Keep income and expenses records Keep customers' records

Table 2.
Key themes and indicators

organisational cultural characteristics. Acknowledging that, Perez-Bustamante (1999) opined that entrepreneurship is essentially an outcome of the learning orientation components described as a process of acquisition, processing, storage and recovery of information. The viewpoints of floriculture farm owners of this study echo that learning ability is considered as the vital platform for EGI and farm owners need to be encouraged in continuous learning. The first component, including nine indicators, which the authors describe as “organizational learning capability” is the capacity for searching and obtaining knowledge. Within this component, searching new varieties of flowers and export quality standards, following the given advices and participating in training sessions were the items that were highly emphasised. As such, the study envisages the following proposition.

P1. Agribusiness with a greater organisational learning capability is more likely to possess strong entrepreneurial growth intention.

Alliance formation or network building has been a growing stream of work towards resource-based heterogeneity as a source of competitive advantage (Sachitra and Chong, 2018) and specialised supply chains (Steiner and Lan, 2017) in the agri-business sector. Greater collaboration and cooperation between the various actors in the value chain is needed in agriculture sector to face challenges driven by new demands for sustainability, transparency and traceability, climate change and rapid technological innovation (Fait *et al.*, 2019). Further, cooperation affects innovation activities, as it allows the complementary exploitation of the resource, especially for small firms (Ciliberti *et al.*, 2016). As Khalid and Larimo (2012b) insisted, with the existence of alliance relationships, significant support is received for accessing and integrating key strategic resources in the entrepreneurial actions. Ngugi *et al.* (2010) found that relational capabilities are especially crucial for small and medium agricultural product suppliers to achieve greater external economies of scale and market strength. Yet we continue to witness a gap of knowledge regarding managerial preferences for alliance formation in entrepreneurial growth. The respondents of our study emphasised that they seek cooperation specifically with other farmers in order to share information, materials and market opportunities. In light of these perspectives, this paper provides new insights on alliance formation capability in EGI, emphasising that ability to strengthen the relationships encourages the farm owners' EGI. Thus, the second factor, categorized as “alliance formation capability”, largely describes inter-personal trust for transaction-specific investments. This category consisted with high loadings of negotiation with other farmers about the issues in farming, sharing floriculture techniques, planting materials and market opportunity information and maintaining the connections with growers in foreign countries. Hence, we propose the following proposition.

P2. Agribusiness with a greater alliance formation capability is more likely to possess strong entrepreneurial growth intention.

Kamasak (2015) indicated that technological capability is positively related to innovation performance of the firms. Technology capability includes the ability to apply new technological development with regards to product and process, marketing and logistics. Technology capability further relates to the diffusion of technical and market information effectively through relevant functional areas (DeSarbo *et al.*, 2007). Simply, the ability to absorb new technologies leads to the effective management of resources (Morris *et al.*, 2017). The present study notes that key dimensions in the success of EGI in floriculture farm owners are ability to apply new techniques in planting as well as in marketing promotion and performing their own experimentations. The third factor, termed as “technological capability”, was characterized by high loadings of applying new techniques used in planting and pest control and use social media apps for business promotion. Therefore, we propose the following proposition.

P3. Agribusiness with a greater technological capability is more likely to possess strong entrepreneurial growth intention.

Grant (1996) specifically points out that process, manufacturing and resource management capabilities are activity-related capabilities of the firm. Process management refers to the application of tools and techniques for the monitoring of the manufacturing process, in order to reduce the need for inspection and/or variability, eliminating breakdowns, missing materials or fixtures (Fotopoulos and Psomas, 2010). Thus, it is not surprising to find, that process management capability directly and positively relates to all types of innovation (Kim *et al.*, 2012). Process management is a broad concept that includes processes that fulfill the expectations of customers and other stakeholders for continuous improvement and innovation (Sila and Ebrahimpour, 2003). However, in order to meet the competition among entrepreneurs, process management needs to be a dynamic capability rather than an ordinary capability. According to Winter (2003), there is a difference between dynamic capability and ordinary capability. If a firm that keeps earning by producing and selling the same product, on the same scale to the same customers, the capabilities exercised in this firm is referred to as ordinary capabilities. By contrast, capabilities that could change the product, production process or customers are referred to as dynamic capabilities. The respondents of the study opined that they possess the ability to adapt floriculture planting techniques. The fourth factor, termed as "process management capability", largely describes the capacity of adapting a variety of planting techniques in floriculture and applies environmental control techniques. These factors were also characterized by high loadings of controlling diseases and environmental control techniques. Thus, we envisage the following proposition.

P4. Agribusiness with a greater process management capability is more likely to possess strong entrepreneurial growth intention.

Organisations need to have adequate financial assets (including debt, equity and retained earnings) for carrying out their operations smoothly. In fact, financial constraints have been documented as a major barrier for small-scale businesses (Zaridis and Mousiolis, 2014); specifically, in agribusiness. This urges farmers to capture greater value based on financial know-how. Financial know-how basically refers to the individual's/firm's ability to continuously transform financial knowledge into the benefit of the firm. As Saurabh and Nandan (2018) insisted, financial socialization needs to be inculcated with financial risk attitude, as it derives through financial knowledge. Financial knowledge needs to be separated from the knowledge related to business process because the inability of controlling money creates a vicious cycle of financial constraints. The respondents of our study highlighted their financial know-how through record keeping, concerning risk and returns and seeking advices from financial professionals like bank managers. Lastly, the fifth factor categorized as "financial know-how" describes the ability to control financial resource in the farm. This factor was characterized by high loadings of investment capacity, managing financial records and seeking business advice from financial professionals. Finally, we propose the following proposition.

P5. Agribusiness with a greater financial know-how capability is more likely to possess strong entrepreneurial growth intention.

5. Implications of the study

Anderson and Jack (2002) assert that entrepreneurship is more than managerialism, although successful business creation also requires managerial competencies. As they claim, the difference seems to arise in the opportunity perception, the development of ideas into viable opportunities and pulling resources together. Contemporary entrepreneurship research thus

evolves around the concept of opportunity (Klein, 2016) rather than the growth intention of entrepreneurs. With the assistance of the particular work of Sarasvathy (2001), entrepreneurship is described as “bricolage”; acting experimentally, incrementally and taking advantage of resources currently at hand (Baker and Nelson, 2005). Periodically, competition among entrepreneurs tends to control productive resources for producing significant outputs, resulting to perform an innovative task repeatedly, which relates either directly or indirectly to the capacity of the firm for creating value through effecting the transformation of inputs into outputs (Klein, 2016). A key issue when elucidating entrepreneurial growth is understanding the complex interplay between endogenous factors (internal to the person) and exogenous factors (external to the person). As highlighted, it requires the understanding of the necessary conditions that must be in place in order for entrepreneurship to be grown and in order for the growth of an entrepreneurs. In other words, the question, “what are the drivers that predict entrepreneurial growth?” is still largely unexplored.

The study has then laid a solid theoretical groundwork to explore the dynamic capabilities that derive EGI. Specifically, it extends the entrepreneurship literature by highlighting the conceptual development of dynamic capability interaction to enrich EGI. In the present study, for the first time, five capabilities (organisational learning, technological, alliance formation, financial know-how and process management) have been identified as predictors for EGI in agribusiness sector and they are defined as a comprehensive set of farm conditions that facilitate and support the farm’s EGI. There was no significant or noticeable attempt by researchers to integrate all the important capabilities that predict entrepreneurial growth, particularly in agribusiness context. As such, another theoretical contribution of this research is that, it has addressed the significant dearth of research analysing such relationships in a comprehensive manner. Moreover, empirically, we provide an original contribution to the dynamic capability approach by demonstrating the value of capabilities towards enhancing entrepreneurial growth. According to Wilson and Martin (2015), organisational learning, financial know-how and process management capability can be categorised into endogenous factors (internal to the person) that derive entrepreneurial growth; whereas technological and alliance formation capability are included into exogenous factors (external to the person) that derive entrepreneurial growth.

The study offers insights into the nature of capabilities and EGI in floriculture farms. Our results have interesting practical implications for the owners/growers and regulatory parties in agribusiness. Subsequently, we address the importance of the development of capabilities with regard to learning, relationship building, adaptability to technological advances, financial control and process management.

As the results stress, in order for the growth of the role of capabilities in the formation of an entrepreneur’s growth intention, more targeted measures should be taken to build fair and supportive facilities to obtain advanced knowledge, professional services specifically in financial literacy. With the prevailing encouragement of organisational learning, it is questionable why financial literacy continues to hinder farm owners’ ability to transform financial knowledge into the benefit of the firm. The ability to manage financial assets is a pressing issue encountered by small-scale farmers (Zaridis and Mousiolis, 2014) and this issue has become a common factor in the South Asian region (Saurabh and Nandan, 2018). This issue has become a main concern, particularly when farm owners are pressured to increase their yields to meet the demands imposed on them. It is thus necessary to identify how learning matters when farm owners/growers attempt to manage financial assets. Further, it is more necessary to examine the relative importance of the three components of entrepreneurial learning theory; “know-what”, “know-how” and “know-who” for participants when learning (Seet *et al.*, 2018). The respondents of the study specifically stated that farm owners are reluctant to use bank loans because of their inability to utilise the funds

effectively. The government of Sri Lanka has been working with a state-owned and a private bank to come up with more low-interest loan facilities for small scale farmers (Sachitra and Chong, 2015). In addition, micro-financial institutions also provide credit facilities namely loans without collaterals, lowest instalment, loans with insurance schemes and shared loan facilities for small-scale farmers. Though there are financial assistant programmes available, only limited beneficiaries are there. This is of the view that there is a need to professionalize the sector in terms of the management of financial resources. This implies that "soft" training programmes are to be provided to the farm owners on financial management. Hence, this suggests that the authorities need to play a role to ensure proper functioning of financial management.

In addition, an incentive plan needs to be developed among floriculture farm owners to encourage learning. Learning in the sense: updating knowledge with regard to new varieties, new techniques and new markets of floriculture. In this sense, the important role played by the government as one of the key elements in the dispersion of knowledge is highlighted. The resources provided by the government such as training and workshops, advice and guidance from officers of the Agricultural Department, are important to the floriculture farm owners. However, depending on a single source of information to develop market-based learning is not considered to be a good practice. Enhancing these abilities through education, training, experience or peer-to-peer network will stimulate the desire of farm owners/growers to create more time for learning in which they can focus on the exploration of new growth paths. As Tiwari *et al.* (2019) insisted, providing entrepreneurship education courses in secondary and tertiary education institutions facilitates to arise new venture creation in South Asia. Thus, the farm owners need to be made aware of the usefulness of growth orientation approaches, innovation types, risk handling and styles of management. In line with organisational learning, alliance formation is highly associated because team-work/trust-based relationships should be leveraged into continuous learning. Collaborative arrangements between and/or amongst farms in terms of product development and knowledge sharing is a common phenomenon in business today (Chen *et al.*, 2015). The results of the study counsel the floriculture growers to recognize the vital role and importance of alliance formation, taking information sharing into account. Moreover, due to the limited resources for own research and development, the farms need to develop a broad network of partners who can give them scientific and technological inputs (Fait *et al.*, 2019). This requires the farm owners to place emphasis on the development of relationships with stakeholders, where trust, commitment and shared benefits are leading roles.

Formal and informal communication, sharing and effort need to be invested to develop such relationships and foster information sharing. Knowledge embedded in the interactions of people, tools and tasks provides a basis for competitive advantage in firms (Batra and Dey, 2019). All of these imply the requirement of providing training sessions with regards to team-building approaches, coordination skills and negotiation skills. Thus, the findings call for the relevant government agencies as well as public-private partnership initiatives to organise and conduct regular workshops to enhance the ability to form relationships with employees, other farms, trade partners, customers, as well as governmental and agricultural institutions. Further, the relevant authorities can consider initiating the establishment of relevant networks on behalf of the farm owners and encourage their participation in them. The creation of a collective mechanism is not enough in the South Asian region (Batra and Dey, 2019), thus the farms need to create systems to benefit from the existing relationships/networks.

The present study emphasised that key dimensions in the success of EGI in floriculture farm owners are ability to apply new techniques in planting as well as in marketing promotion and performing their own experimentations. This finding is further strengthened by Choudhury (2020), emphasising that digital trade volume in the South Asian region in

increasing and digitally enabled citizens have played a vital role in increasing the use of digital goods. Taking a closer look, it is imperative for the farm owners to familiarise themselves with the emergence of technology in the flower growing, maintenance and transportation. Retailers, exporters and consumers are increasingly demanding quality products and therefore flower growers are required to adapt their farming practices by modernising their production materials and techniques. With the help of technology, producers/farmers can create, select, conserve and control plant material, pesticides and fertilizers, manage and maintain the quality of the products, and offer their harvest and update information on their farms. With regard to product marketing, the farm owners use social media apps. As such, consumers can make direct orders to the farm and consumers receive their flowers still fresh within a short period of time. Using technology into product marketing leads in expanding the customer base and eliminates traditional channels in marketing. Intending to be the one-stop shop for flowers internationally in the future, advanced technology has made it possible for flower growers to sell quality flowers every time. It is difficult at the farm level to develop the potential technological capabilities that might be useful at some point as they are costly to attain. Relevant authorities with public-private partnership therefore have to be selective in developing suitable strategies that enhance adaptability to modern technology which is the key to sustainable entrepreneurship.

Process, manufacturing and material management capabilities are activity-related capabilities of the firm (Grant, 1996). The respondents of the study opined their ability of adapting floriculture planting techniques such as physiological control and tissue culture growing techniques, ability of controlling diseases and applying environmental control techniques.

In the context of this study, farm process management capability reflects the integration of a set of routines performed by a farm to enhance its output through efficient use of its technology in planting and disease controlling. Grande *et al.* (2011) highlight that business process management capabilities strongly influence the competition of firms' where operational capability can facilitate firms to streamline the flow of processes, reduce the cost of production and improve the quality of products. The findings of the study make an expansion on Borchs' viewpoint which is recognizing the vital role and importance of process management capability on EGI of the farm owners. In order to broaden the scope of process management capability, farm owners should see themselves as a learner and take advantage of training related to the product and process innovation, disease control as well as time-to-market advice offered by the relevant authorities. This is further implying that the process management capability of the farms could be enhanced if they develop inter-organisational relationships and focus on organisational learning.

6. Conclusion

Entrepreneurship in the agriculture sector has received much attention in the last decade, in both developed and developing economies (Mupfasoni *et al.*, 2018). Although entrepreneurship has been embraced as an economic development strategy, the growing concern of entrepreneurial practices is questionable. Agricultural entrepreneurs initially pursued entrepreneurship with the aim of fulfilling their own self-interests. However, debate in respect of growth intention is far from being over. This study aims to fill this research gap by offering a new perspective on EGI that draw direct attention to the CA to explore the capacities that individuals have to pursue and grow in entrepreneurship. This paper offers insights into the nature of capabilities and entrepreneurial growth in floriculture farms.

The findings of this study can be used either by a farm owner individually or by the overall floriculture sector to choose strategies and allocate resources in order to improve the farm's dynamic capabilities. The results of this study are built on existing theory concerning

the importance of CA providing support for the encouragement of entrepreneurial growth in floriculture farms which would lead to the progression/growth of floriculture industry. A sufficient picture of the floriculture farms' effort in entrepreneurial growth is provided, sending the message that a farm has to focus on specific capabilities that can lead to its growth in entrepreneurship, which in turn may act as a catalyst for competitive improvement and market success. Since growth can be found in the functional role of the founding entrepreneur, assessing the role of capabilities in the context of EGI can help in mapping out the capability development of floriculture growers. Further, while exploring the capacities that floriculture growers have, the study provides a path to link institutional environment to entrepreneurial capability development. Finally, notwithstanding, the results imply the need to focus on the five capabilities which indirectly lead to the effective deployment of resources to better manage the farm processes.

The key findings reported in this study should be considered in light of certain limitations. The study focused on qualitative approach of floriculture industry in Sri Lanka and examined a representative sample. Therefore, caution must be applied when generalising the results. Since the study focused on three districts the findings did not recognize any regional differences in the selected cases. Further study should be considered in the other regions of the country.

The results of the study suggest that the five capabilities might be fruitfully framed around EGI, whereas empirical investigation is then required to generalise it. In line with that, quantitative studies are needed to examine the extent and interplay of the five capabilities on EGI of the farm owners. Since developing countries experience these common characteristics of entrepreneurship in agriculture, that is agriculture is generally viewed as a non-innovative sector in developing countries (Adhikari *et al.*, 2017), the findings of the study should also be applied to the farmers in other developing countries. Thus, it provides avenues for further research in other developing countries. A longitudinal study would facilitate in identifying how EGI has changed over time to benefit policymakers in developing and adopting productive policies while paying attention to CA.

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