

Barriers to Business Model Innovation in the Agri-Food Industry

Authors : Pia Ulvenblad, Henrik Barth, Jennie Cederholm Björklund, Maya Hoveskog, Per-Ola Ulvenblad

Abstract : The importance of business model innovation (BMI) is widely recognized. This is also valid for firms in the agri-food industry, closely connected to global challenges. Worldwide food production will have to increase 70% by 2050 and the United Nations' sustainable development goals prioritize research and innovation on food security and sustainable agriculture. The firms of the agri-food industry have opportunities to increase their competitive advantage through BMI. However, the process of BMI is complex and the implementation of new business models is associated with high degree of risk and failure. Thus, managers from all industries and scholars need to better understand how to address this complexity. Therefore, the research presented in this paper (i) explores different categories of barriers in research literature on business models in the agri-food industry, and (ii) illustrates categories of barriers with empirical cases. This study is addressing the rather limited understanding on barriers for BMI in the agri-food industry, through a systematic literature review (SLR) of 570 peer-reviewed journal articles that contained a combination of 'BM' or 'BMI' with agriculture-related and food-related terms (e.g. 'agri-food sector') published in the period 1990-2014. The study classifies the barriers in several categories and illustrates the identified barriers with ten empirical cases. Findings from the literature review show that barriers are mainly identified as outcomes. It can be assumed that a perceived barrier to growth can often be initially exaggerated or underestimated before being challenged by appropriate measures or courses of action. What may be considered by the public mind to be a barrier could in reality be very different from an actual barrier that needs to be challenged. One way of addressing barriers to growth is to define barriers according to their origin (internal/external) and nature (tangible/intangible). The framework encompasses barriers related to the firm (internal addressing in-house conditions) or to the industrial or national levels (external addressing environmental conditions). Tangible barriers can include asset shortages in the area of equipment or facilities, while human resources deficiencies or negative willingness towards growth are examples of intangible barriers. Our findings are consistent with previous research on barriers for BMI that has identified human factors barriers (individuals' attitudes, histories, etc.); contextual barriers related to company and industry settings; and more abstract barriers (government regulations, value chain position, and weather). However, human factor barriers – and opportunities – related to family-owned businesses with idealistic values and attitudes and owning the real estate where the business is situated, are more frequent in the agri-food industry than other industries. This paper contributes by generating a classification of the barriers for BMI as well as illustrating them with empirical cases. We argue that internal barriers such as human factors barriers; values and attitudes are crucial to overcome in order to develop BMI. However, they can be as hard to overcome as for example institutional barriers such as governments' regulations. Implications for research and practice are to focus on cognitive barriers and to develop the BMI capability of the owners and managers of agri-industry firms.

Keywords : agri-food, barriers, business model, innovation

Conference Title : ICAEM 2017 : International Conference on Agribusiness Economics and Management

Conference Location : Venice, Italy

Conference Dates : April 13-14, 2017