Monthly Multidisciplinary

Research Journal

Review Of Research Journal

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ISSN No: 2249-894X

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Welcome to Review Of Research

RNI MAHMUL/2011/38595

ISSN No.2249-894X

Review Of Research Journal is a multidisciplinary research journal, published monthly in English, Hindi & Marathi Language. All research papers submitted to the journal will be double - blind peer reviewed referred by members of the editorial Board readers will include investigator in universities, research institutes government and industry with research interest in the general subjects.

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ISSN: 2249-894X

Review Of Research





INNOVATION IN BUSINESS MANAGEMENT OF VEGETABLES IN FAMILY FARMING



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ABSTRACT:

Several factors influence productivity in companies, being them family companies or organizations. The commercial management model used on the property maximizes the profits? This study involves a rural family property in the city of Porto Velho. The general objective is to study business management of vegetables in the family farming. The specific objectives are: analyze commercialisation procedures used in the researched family property (1); Analyze the valid creative factors in the agribusiness developed by residents using the SWOT matrix (2); Suggest the innovation required in production practices as selling strategy (3). The basis of the preparation of this study follows the precepts of the Contingency Theory, bringing together the concepts of productive practices, creative factors and innovation. The Case Study Method of qualitative and quantitative nature and the required procedures were applied. As a result it was found that the commercialisation ways do not fully maximize profits by not having the organic certification seal SisOrg, using thus only one form of selling. Regarding to the analysis of the results, it is observed that the studied property uses valid creative factors to sell its products. This study indicates differences in the methods in the face of the business

management studied. The application of the theory can be significant as a competitiveness element because it increases the commercialisation opportunities by involving all its environmental context instead of following only one commercial management model; as innovation it is proposed the acquirement of the SisOrg certification, the implementation of marketing strategies in the commercialisation of vegetables, identification of products, differentiated prices for direct sales and alternatives to use of conventional plastic bags.

KEYWORDS: Administration. Amazon. Management. Agriculture. Vegetables.

1. INTRODUCTION

The study is about a family property that produces vegetables in the countryside of Porto Velho, Capital of the state of Rondônia. It is based on the Contingency Theory, in the commercial management of vegetables and creative factors. The contingency approach defends that organizational effectiveness cannot be achieved by following a unique and exclusive model and emphasizes the environment in the production and commercialisation of food that follows strict standardisation rules. The manner of how it is divulged, where and how these products are commercialised may be the advantage in a field of intense competition. The research problem to be solved here is: The commercial management model used on the property maximises profits? To answer this question it is stated as a general objective to study the commercial management of vegetables in the family farming and as specific objectives to analyze the selling procedures used in the researched family property, (1) the creative factors valid in agribusiness developed by residents using the SWOT matrix (2) and suggest the innovation required in production practices as marketing strategy (3). The result is shown in topics the meet the theoretical and conceptual review, the methodology to be applied, the results obtained, the conclusion and the references.

2. THEORETICAL AND CONCEPTUAL REVIEW

The contingency approach defends that organizational effectiveness cannot be reached by following a unique and exclusive model; in a mutable environment there is no single way to achieve the objectives of the organization. Its structure and its operation are dependent on its interface with the external environment. Different environments require different organizational designs, making it necessary a suitable model for each situation. Moreover, different technologies lead to different organizational designs, as well as variations in the environment or in the technology lead to changes in the organizational structure. The visualisation moves from inside out the organization: the emphasis is on the environment, its demands and the organizational dynamics. For the contingency approach, the environmental characteristics affect the organizational characteristics, so there is no single best way to organize itself. Everything depends on the relevant environmental characteristics for the organization and the confrontation of these characteristics by analysis.

According to Gorla (2011) the main basis of the Contingency Theory is that there is nothing absolute and immutable in the enterprises, therefore, there are numerous factors with the possibility to change the reality of organizations. The best way to manage the business requires a thorough analysis of the characteristics of the situations that are presented to them.

Everything is relative, everything depends, nothing is absolute in organizations or in management theory. There is a functional relationship between environmental conditions and the appropriate management techniques for the effective achievement of the objectives of the organization. Within a functional relationship, environmental variables are independent variables,

whereas the administrative techniques are dependent variables. There is a functional relationship between them; this functional relationship can lead to an effective achievement of objectives. The contingency administration seeks to identify, diagnoses and adapt itself to the situation. However this is not sufficient, requiring that functional relationships with environmental conditions and administrative practices must be constantly identified and adjusted.

2.1. Concepts of commercialisation of vegetables

Commercialisation is the set of activities performed by agents dedicated in the transfer of goods and services from the initial point of production to the final consumer, its main target is the market, defined as the place where operate the forces of supply and demand through sellers and buyers.

According to Araújo (2011), the knowledge of the market context of vegetables is so important that it should be considered even in the cultivation planning, because there are different ways of commercialisation that can provide different profit margins for producers and that influence in the size of the planting area and in the models of production adopted. Fairs and grocery stores are examples of commercialisation via small retail. The fairs trade fresh, unpackaged and natural products that meets the needs of consumers, an group that usually consists of people who live next to those marketplaces and look for fresh products for the meal of the day or the next day. The contact between the seller and the consumer is directly being present in this kind of commercialisation personal relationships. The fairs were created in the 1980s as result of a public policy of supply to meet the low-income population, where products are sold at one price per kilogram.

2.2 Concepts of family property

Law No. 11326 of July 24, 2006, certifies that are considered units of Family Agriculture those with land area of less than four fiscal modules, that use predominantly family labour for productive activities; with predominant income from activities carried on in the family establishment and which establishment management is carried out by the family.

According to IBGE(2006) (Brazilian Institute of geography and statistics) family farming is an important segment of society and it is responsible for 70% of the food consumed in the country: cassava (87%), beans (70%), pork (59%), milk (58%), poultry (50%) and corn (46%) are some food groups with a strong presence of family farming in production.

2.3 Concepts of agribusiness

Agribusiness is defined as the sum of production and distribution of agricultural supplies operations, operations in the production units, storage, processing and marketing of agricultural products and manufactured items. It involves from scientific research to the commercialisation of food, fiber and energy.

According to De Souza (2011) agribusiness consists on the total sum of the operations associated to the production and distribution of agricultural inputs, the production operations on the farms, storage, processing and distribution of agricultural products, and derived items.

2.4 Concepts of Creative factors

Creative process is related to a number of factors. Recognize the characteristics that enables organizations to become more flexible and dynamic involves examining the conditions of the organization to stimulate or strengthen positives points and eliminate or mitigate the negatives.

There are factors that can affect the individual and the organization in a favorable or unfavorable

manner, such as the creative production values, professional development opportunities, competition among other companies in the same industry, customers, suppliers, distributors and dealers, unions employees and associations. Also the market, economics, law and technology.

2.5 Concepts of Productive practices and innovation

According to Figueiredo (2012) Innovation is more than creativity, is the implementation of new products, services, processes or organizational arrangements. The existence of innovation involves more than the addition of several creative ideas. Ideas must be put in place to make a genuine difference. So, creativity should be shown by people, but innovation only occurs in an organizational context.

The increase of demand and the exigency for better quality products significantly affects the production and commercialisation of vegetables. In this scenario it is seen the use of new technologies for the optimization of horticultural production. Advances in precision technologies, protected cultivation, computer systems, fertirrigation, (a system of irrigation created by EMBRAPA) hydroponics, integrated management programs of pests and diseases, use of hybrid seeds and / or genetically modified products (GMO), changes in eating habits, and consequently changes in the way of commercialisation, are associated with growing vegetables. The search for a better quality of life must goes through a healthy diet and the access to items that allow this context.

2.6 Concepts of SWOT Matrix

SWOT Analysis is a manner of strategic diagnosis integrated in the continuous improvement process that facilitates the evaluation of a particular area. It reflects a global perspective of the situation of an organization, allowing it to identify improvement actions and the assistance on its strategy definition.

According to Dutra (2014), divided essentially in Internal Environment Analysis and External Environment Analysis, SWOT Analysis tool proposes that, from the mapping of the Internal Strengths and Weaknesses as well as the External Opportunities and Threats, those responsible for creating organizational strategies have the necessary support to take maximum advantage of the Opportunities and Strengths, minimizing or even eliminating the Weaknesses and Threats that prevent the organization to thrive, as shown in Table 1 below.

Internal **Strenghts** Weaknesses (Organization) Advantages that the company Skills that are under the influence but has in relation to competitors which somehow hinder or do not generate competitive advantage **Opportunities Threats Forces** that positively Forces that do not suffer influence, but External influence the organization, but are negatives for the company. They (Environment) there is no control over them. can be considered as a challenge posed and that may deteriorate its ability to generate wealth.

Table 1 - Example of SWOT Matrix

Source: The author

3. METHODOLOGY

It is understood by method the assembly of processes or mental operations used in the research. Regarding to its nature it is about applied research, in order to solve problems of the enterprise studied. The approach was done by a quantitative method, once the quantification methods will be used in information collection. Quantitative research is concerned to discover and classify the relationship between variables, as well as the search for causal relationship between phenomena. It aims on the accuracy of results, avoiding distortions of analysis and interpretations, so providing a margin of safety regarding to inferences. In relation to the objectives, this is a explanatory research, aiming to explain the reason of the facts, by identifying and analyzing the relations of cause and effect of the phenomena. As for technical procedures, a bibliographical research will be carried out, drawn from material published in books, articles and materials available on the internet. After this, an interview and a technical visit will be done and finally the data analysis and comparison of theory and reality on the property under study will be performed as shown in Figure 1 and Table 2.

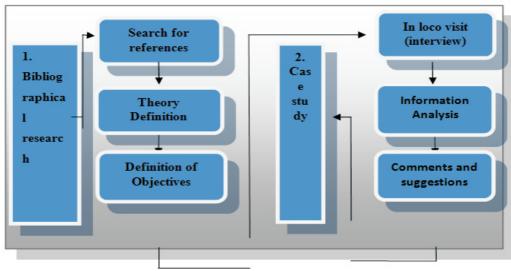


Figure 1: Methodological Diagram

Source: The author

Table 2 - Table of methodological procedures.

I	Procedures	Specification
1. Bibliographical research	Search for references	Research was carried out by theories related to the case study, through books and research sites.
	Theory Definition	It was defined the theory that better served the focus of this study.
	DefinitionofObjectives	Defined the theoretical referential and the company, the research objectives were defined.
2. Case study InformationAnalysis Commentsandsuggest	In loco visit	A visit was arranged with the responsible for the property, being held an interview with him.
	InformationAnalysis	All data collected was analyzed for the composition of the selected specific objectives.
	Commentsandsuggestions	With the collection of the information it was possible to meet the objectives, analysis and suggestions.

Source: The author

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4. CASE STUDY ON COMMERCIAL MANAGEMENT OF VEGETABLE ACTIVITY IN A FAMILY FARMING

The data collected to the study were acquired primarily through bibliographical research, as the Contingency Theory and commercial management of vegetable activity in family farming, aiming innovation in marketing and thus maximize profit. After that, an interview with the responsible for the family farming studied was done. He provided information regarding the property, cultivation and marketing of vegetables, technology used and business expansion plans. It was also performed a technical visit on the property and at the place where the products are sold, in which relevant data and information on the property were collected. The property is in the countryside of Porto Velho, at Estrada do Japoneses, KM 10. The owner has 10 years of experience on production and commercialisation of conventional vegetables, but a year ago he has chosen to innovate, making his entire production organic.

4.1. Survey of the commercialisation procedures

The owner of the property under study sell its products through two ways; the first is the direct contact with the consumer: the fairs, which happens weekly, from Tuesday to Sunday every day in a different part of the city, where he sells his entire production for a price set by himself. The second way are through agreements signed with the government, where producers sell their production directly to the government in order to supply school lunches or popular restaurants, with a price already tabled by the buyer, as well as which vegetables are needed, as shown in Table 3.

Table 3 typology: agreement or fair

Fatores	Convênios	Fair
Price	Definedbythegovernment	Definedbythemerchant
Occurrence	Twice a week	Six times a week
Payment	Receives later	Immediate
Productssold	Definedbythegovernment	Market demand

Source: The author

4.2. Analyzis of the valid creative factors on the agribusiness studied

The property studied is dedicated exclusively to the production of organic products. The production of such products, unlike conventional production, demands certain technologies and certifications. These criteria are set by the Ministry of Agriculture, Livestock and Supply - MAPA, through Normative Instruction No. 46, which regulates animal and vegetable organic production in Brazil. Organic foods are produced based on principles that include the responsible use of soil, water, air and other natural resources. It is not allowed to use substances that endanger human health and the environment, unlike conventional production, as shown in Table 4.

Table 4 - Comparison between conventional and organic farming

	Conventionalagriculture	Organicagriculture
CharacteristicsofElements	Meet economic interests of short-term	Meet economic interests related to ecological and social interests
System Structure	Monoculture	Diversified system
Recursos Genéticos	Reduction in variability, susceptibility to environment, transgenic crops	Environmental adaptation, resistance
Fertilizing	Fertilizers	Organicmaterials
Combatofpests	Agrochemicals	Alternativecontrols
Investments	Little capital, littlework	Much capital, intensivework.
System output	Unbalanced or contaminated food, low valuation, environmental aggression.	Food with high nutritional and biological value, ecological balance, high valuation, sustainability
Time to Harvest	Uptotwoweeks	More than3weeks

Source:The author

In order to sell their products as organics, producers must obtain certification in a Agency of Organic Conformity Assessment (CABs) accredited by the- MAPA through three mechanisms of control to guarantee the organic quality: Certification by Auditing, Participatory Systems of Guarantee and Social Control in direct sales. Regardless of the mechanism used by producers, all of them integrate the National Register of Organic Producers, as shown in Table 5.

Table 5 - Types of Organic Certification in Brazil

	National Register of Organic Producers		
Typology	Certificationbyauditing	Participatory Guarantee System	Social Control in Direct Sales
Description	public or private company certification authorized by the Ministry of Agriculture. The conformity assessment agency follows procedures and criteria internationally recognized, in addition to the technical	The concession of the certification is made by a public or private company certification authorized by the Ministry of A griculture. The conformity assessment agency follows procedures and criteria internationally recognized, in addition to the technical requirements set by Brazilian law. It is characterized by collective responsibility of the members of the system. To be according to the law, an SPG must have a Participatory Body for Conformity Assessment (Opac) legally constituted.	It is an exception in the Brazilian legislation that exempts the requirement for certification of organic products for family farms. Thus, the family farmers become part of the National Register of Organic Producers.
Typeof Certification	Brazilian Assessment System for Organic Conformity (SisOrg)	Brazilian Assessment System for Organic Conformity (SisOrg)	D eclaration of Register
Who can request	Properties in general	Producers, consumersandtechnicians.	Family farming.
Where it can	Individuals and companies	Individualsandcompanies	Only individuals, except the government.

Source: The author

The property studied uses the Social Control in Direct Sales for sell its products. In this case, only the producer or someone of his family or of his group may be in the stall, selling the products. They must present the Registration Statement whenever the consumer and the oversight agency request it.

When the producer signs up only for direct sales, he can sell his products only in the fair, direct to the consumer and, through agreements, to the government but not for another type of individual. But if his products are certified by MAPA, audited by SisOrg (Brazilian Assessment System for Organic Conformity), or through the Participatory System, organizing himself in group, which is characterized by collective responsibility of the members of the system, and registering for it, he can make directs the sales to individuals and companies, which is what happens in the city, through the creation of ASA (Association of agro ecological Farmers of Porto Velho). Based on the collected and processed data, a SWOT analysis will be performed to better clarify how it can fit in these factors in Table 6 below and in its description in Table 7.

Table 6 - SWOT Analysis of commercialisation means

	1- Strengths	2- Weaknesses
Internal (Organization)	Organic products Fixed clientele Service	There is no SisOrg certification There is no identification that easily signals the type of product Price
	3- Opportunities	4- Threats
External (Environment)	The growing demand for organic products Sales to companies	Conventional production and commercial is at ion

Source: The author

Table 7 Description of SWOT factors analysis of the IDO

Factors	Description
1- Strengths	
Organicproducts	The commercialised product is already a differential of the conventional.
Fixedclientele	The property already has a fixed clientele that seeks in the fairs this type of product in the stall, for its quality and service.
Service	The owner is quite resourcefulness in his approach, explains well about the products, and creates loyal customers.
2- Weaknesses	
There is no SisOrg certification	By using the method of social control in the Direct Selling the property does not have the SisOrg certification, limiting the selling of its products at fair and to individuals.
There is no identification that easily signals the type of product	In the stall or in the products, there is no easy viewing, something that identifies the organic origin of products.
Price	The price of organic products is higher compared to conventional.
3- Opportunities	
The growing demand for organic products	The search for a healthy diet and products that can ensure it is a growing demand today, people seek to know their origin and are willing to pay for such.
Sales tocompanies	With acquirement of the SisOrg certification, the property increases its commercialisation possibilities and could sell to restaurants and supermarkets in general.
4- Threats	
Conventionalproductionand commerciali sation	Conventional products are many and the price is much more accessible.

Source: The author

4.3 Suggestions for the required innovations

Based on the discussed theory, it is observed that the property studied has some different characteristics of an organization that uses contingency approach, for by following a single model to sell its products, it discards the exploration of other models available and its interface with the external environment.

The contingency approach defends that organizational effectiveness cannot be achieved by following a unique and exclusive model, because in a changing environment there is no single way to achieve the goals of the organizations. Different environments require different organizational designs, making it necessary a suitable model for each situation.

4.3.1 Certification acquirement of the Brazilian Assessment System for Organic Conformity (SisOrg)

It is observed that acquirement of the SisOrg certification is necessary because it allows the property to increase its range of possibilities of selling its products, not being restricted only to fairs and organizational agreements with fixed prices. like this, it is possible to sell products to all kinds of companies, setting its prices and adding value to the product by having a differential: the organic production with official certification, because there are few enterprises in the city that have it and the growing demand for such products is supplied by companies of other states.

4.3.2 Marketing strategies as a differential

Promote its products, focusing on its organic production through social networks and other media and also the utilization of posters in the market place because there is no identification that correlates the products with their origin. This will attract more people looking for this type of product.

4.3.3. Price of products

The price of organic products is usually superior to the conventional, but as a way to overcome this situation, in the fair it is possible to perform a combination of products on certain days of the week or at the end of the fair, lowering the price in this type of transaction and causing a higher output of products.

4.3.4. Alternatives to the use of plastic bags

Search sustainable alternatives. Conventional and polluting plastic bags can be a differential and goes against the intention of the property under study to offer products without harming the environment. Much of the clientele go shopping with their own bags, biodegradable, and if the client does not have one, this could be offered in the stand and explained its advantages over the other, or even compress the product using fibers or other materials also available in property.

5. FINAL CONSIDERATIONS

Through the study, it is possible to understand that the implementation of the contingency approach is an important element for good management and achievement of positive results in the property that is intended to produce organic products.

In response to the research question, it was concluded that the commercial management model used in the company does not fully maximizes profits because the commercialisation form used restricts its selling only to fairs in direct sales, individuals and the government with a price fixed by it.

Organizations seek excellence in their field of expertise. They need to create competitive advantages, implement them and use the most effective means to maximize profits and production, for

different environments require different organizational designs, making it necessary a suitable model for every situation thus analyzing the changes in the environment to define what will be the strategy employed and if it really is the most appropriate.

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