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STRATEGIC PLANNING AND ISSUE IDENTIFICATION

*An Exploratory Study of
New Zealand Agribusiness Firms*

**A thesis presented in partial fulfillment
of the requirements for the degree of
Masters of Agricultural Economics**

Massey University

Palmerston North, New Zealand

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O you who believe!
be careful of (your duty to) Allah,
and let every soul consider what it has sent on
for the morrow,
and be careful of (your duty to) Allah;
surely Allah is Aware of what you do

(Holy Qur'an, 59:18)

Dedicated to: Dewi and Azka

ABSTRACT

Economic liberalization which occurred in New Zealand after the mid-1980s has increased competition and accelerated the pace of change in the agribusiness environment. Agribusiness firms in New Zealand, over the last decade, have experienced the impact of environmental changes. One of the managerial skills that agribusiness managers needs in an increasingly turbulent environment is strategic planning, which include the capability to identify and monitor strategic issues of most concern to the firm's livelihood.

This study reports on an exploratory survey of 57 agribusiness firms throughout New Zealand, over the period October 1992 - February 1993. This study explores the extent of use of formal strategic planning processes by agribusiness firms in New Zealand, and examines whether the use of strategic planning has a positive effect on a firm's performance during the economic liberalization period. This study also identifies strategic issues regarded as important by the sample agribusiness decision-makers. In addition, this study investigates the possibility that the relative concern for these strategic issues may vary across important firm characteristics.

The results of the survey reveal that strategic planning exists in the majority of the firms studied. Evidence indicated that the economic reforms could have been the impetus behind the rush to develop formal strategic planning after 1984. The comparison of firms which with and without strategic planning suggested that strategic planning is beneficial for management. This study also indicated that firm which use strategic planning has a positive correlation with growth of sales, growth of after-tax profit and growth of productivity, during deregulation times.

With respect to strategic issue identification, the results generally indicate that respondents are concerned with strategic issues. Firm internal issues are generally of greater importance relative to the general business and industrial competitive issues presented. In particular, the firms in the sample are quite concerned about the demand for their product, farm income, value

of New Zealand dollar, raw material access, change in rivals' market share, productivity, and management effectiveness. Results also suggest that level of concern for specific strategic issues vary across various structural dimensions of the firm like type of legal form, product lines, size of firm, and firm's geographical location, and degree of planning formalization.

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