REFEREED PAPER

FARM DIVERSIFICATION: A RESOURCE BASED APPROACH

Keith Walley, Paul Custance, Faye Smith

Diversification is an important strategy for many farm businesses in the UK. However, farm diversification is not always successful and this suggests that there is a need for additional insight into the subject. This paper presents the results of a study that applies the Resource Based Theory (RBT) of the firm to farm diversification. The study is based on a case study methodology involving six farm diversifications. The results suggest that the key resources underpinning farm diversifications are the staff, information, and personal relationships. It was also apparent that the farmers who led the diversification had an intuitive understanding of the characteristics of resources which allowed them to manage them as either "basic" or "strategic" resources, and focused on the resources rather than the nature of the diversification. This then suggests that the farmers are entrepreneurs who are one of, if not the most important resource involved in the diversification.

Keywords: Farm diversification, Resource Based Theory, RBT

Introduction

According to Johnson *et al* (2008) diversification is *"...a strategy that takes an organisation away from both its existing markets and its existing products"*. In terms of farm diversification this relates to the exploitation of income generating opportunities that can support the income of the farm household and in turn the viability of the agricultural business (Bosworth and McElwee, 2009).

In recent years diversification has become a popular strategy for those farmers who want to survive and be successful in the changing economic environment (McElwee *et al*, 2006; Turner *et al,* 2003; DEFRA, 2010a). In practice, however, farm diversifications are not always successful (Turner *et al*, 2003) and it would appear that research is required to both understand the issues better and to improve the rate of success. Indeed, this paper seeks to address these matters by applying the Resource Based Theory (RBT) of the firm which according to Collis and Montgomery (2008) *"...combines the internal analysis of phenomena within companies (a preoccupation of many management gurus since the mid-1980s) with the external analysis of the industry and the competitive environment (the central focus of earlier strategy approaches)",* to farm diversification.

The paper will review the Resource-Based Theory of the firm prior to outlining the methodology used to gather the data on which this paper is based. The key findings are then explained and the paper concludes by considering the implication for the farm diversification. To begin, however, it appears propitious to acknowledge the drivers that cause farmers to diversify as well as the extent and nature of farm diversification.

Farm Diversification

In the UK and elsewhere in the European Union CAP reform and the withdrawal of production subsidies has forced farmers to adapt their strategies in order to maintain profitable businesses (Maye *et al,* 2009; Vesala and Vesala, 2010) and diversification has emerged as a popular strategy. According to DEFRA (2010b) there were 57,000 farms in England in 2008/09 and 51% of those had diversified activity which equates to approximately 29,070 diversified farm businesses. Farm diversification may take a variety of forms and a comprehensive typology has been developed by Bosworth and McElwee (2009).

Agriculture has been subject to extreme and rapid change which has led to many farmers becoming involved in entrepreneurial activities (DEFRA, 2010; Bosworth and McElwee, 2009; Clark, 2009; McElwee *et al*, 2006; Alsos *et al,* 2003; McElwee *et al,* 2006). Indeed, Alsos *et al* (2003) identify three types of farm entrepreneur. The *"pluriactive entrepreneur"* is motivated by lifestyle and diversifies in order to maintain a lifestyle when the farm business is facing difficulties. The *"resource exploiting entrepreneur"* undertakes diversification in order to utilise unique resources which are connected to the farm. The *"portfolio entrepreneur"* enters into diversification in order to exploit a business idea which is not necessarily linked to the farm's resources.

There are multiple measures by which to evaluate a diversification. Typical measures include annual sales, turnover, market share, growth in output, number of employees, added value, value of the business, earnings per share or rate of return on equity (Grant 1991; Kay, 1995). In addition typical internal measures might include the number of new products and various product quality ratings (Rantamkai-Lahtinen, 2009). It is apparent, therefore, that the success of diversification is determined by the measures applied and that this is dependent on business objectives.

In terms of farming, some measures used to determine the success of diversification are generic such as *"cash flow"* and *"profitability"* but others are more farming related and include *"reduced dependence on agricultural subsidies"*, *"more stable income"*, *"fitting in with the farm business"*, *"satisfied customers"*, and *"personal and family satisfaction"* (Clark, 2009, Turner *et al*, 2003). Indeed, Turner et al (2003) found that four out of five farm diversifications were considered successful in the context of their own particular objectives.

According to Rantamaki-Lahtinen (2009) and Forsman (2004) successful farm diversification is frequently based on resources such as buildings, finances, human resources and machinery. Such resources need not be wholly owned by the farm but may be shared, as is often the case in agricultural cooperatives, which may lead to an additional advantage in terms of farmers learning from each other (Rantamaki-Lahtinen, 2009). The apparent importance of resources suggests that the RBT might provide useful insight into their role in underpinning farm diversification.

3.0 The Resource Based Theory and Diversification

The RBT originated from the work of authors such as Richard Coase (1952) and Edith Penrose (1959) while the term Resource Based View was first used during the 1980s by Birger Wernerfelt (1984). The concept was subsequently refined and became known as the Resource Based Theory of the firm in the 1990s (Grant, 1991). Today the RBT is considered one of the most influential frameworks for understanding strategic management (Barney *et al*, 2001).

At the heart of the RBT is the concept of organisational resources. It is tempting to think of resources as simply items such as land, buildings, vehicles and machinery. However, they may in fact be anything that constitutes a strength or weakness for a company (Wernerfelt, 1984). In this context, therefore, the term resource is all-encompassing (Forsman, 2004) and may include tangible, intangible and human resources. At an operational level the strategic value of a resource may be determined by impact on unit margin (Bowman and Ambrosini, 2007) and identified via a *"resource audit"* (Grant, 2008).

Tangible resources refer to physical resources such as land, finance, buildings and machinery. These resources appear on the company balance sheet and their value deteriorates over time (Prahalad and Hamel, 1990). Intangible resources include production, marketing and manufacturing capabilities, corporate reputation and corporate culture. While classifying resources as either tangible or intangible is useful it also has its limitations. One of the most important resources of any business is its employees and especially their *"know-how"* or tacit knowledge (Phelan and Lewin, 2000). Human capital is difficult to classify as while people are obviously tangible their training, skills, experience, judgement, intelligence and relationships are not.

In practice resources are themselves rarely productive and they have to be marshaled in order to perform some task or activity. This process creates *"capabilities"* such as the ability to create a favourable reputation or offer superior customer services. The capabilities that generate a competitive advantage for the organization are often referred to as *"core competencies"* (Prahalad and Hamel, 1990, p82).

The RBT suggests that resources that underpin sustainable competitive advantage are often *"durable"* so that they are long lasting, *"non-appropriable"* so that they are difficult to acquire, *"non-substitutable"* so that alternative resources cannot be deployed in their place, *"superior"* so that competitors may only deploy inferior resources, and *"inimitable"* which means that they are difficult to copy (Collis and Montgomery, 2008; Peteraf, 1993). Resources that possess most of these characteristics are considered to be *"strategic resources"* while resources that do not generally possess these characteristics are known as *"basic resources"*. As a general guide the more that an organisation does to accentuate heterogeneity in its resource base, the stronger and more sustainable its competitive advantage is likely to be (Grant, 2008).

The RBT argues that failure in the market-place or under-utilization of resources leads to redeployment in another industry which makes diversification an efficiency decision (Montgomery and Wernerfelt, 1997; Penrose, 1959; Peteraf and Barney, 2003). As a consequence, Wernerfelt (1984) believed that RBT was the only theory of strategic management able to explain the full range of diversifications and is thus a very useful underpinning to a study of farm diversification.

Methodology

Diversification is a common strategy for farm businesses to follow but it is not without risk of failure and research was undertaken to improve knowledge and reduce the associated risk. RBT has been used to understand diversification in general but its application to farm diversification has been limited. As a consequence RBT was used to underpin this inductive study of diversification in the farm sector.

The project employed a three stage methodology advocated by Yin (2009) and comprising Define and Design; Prepare, Collect, & Analyze; and Conclude, to study diversified farm businesses in the Cheshire area. Information provided by the National Farmers Union (West Midlands region) and the Farm And Retail Markets Association (FARMA) was used to identify farm diversifications suitable for study. A sample size of six diversifications was chosen in order that patterns of replication might emerge (Yin, 2009) that would permit the building of *"case law"* (Gill, 1995).

Patton (2002) advocates the use of heterogeneous sampling to ensure maximum variation within a sample and suggests that it is good practice to identify diverse characteristics prior to selecting your sample. Different approaches to farm diversification are likely to require different underpinning resources and so in this study a purposeful sample was selected in order to highlight the implications of diversifying into very different types of business. The key characteristics of the sample cases are summarised in Table 1.

Semi-structured interviews were used in order to obtain rich contextual and qualitative data from business owners/managers. An Interview Schedule listing key themes and issues arising from the literature was developed, tested and modified following a pilot interview, and used as the basis of the interviews. All the interviews were taped and transcribed.

Irrelevant narrative was removed from the transcriptions (Hair *et al,* 2007) before the remaining text was coded using different coloured ink, key words and different font types and styles (Myers, 2009). Individual summary reports were written for each of the six cases which were reviewed for reasonableness, accuracy and validity by an agricultural expert. When deemed reasonable, accurate and valid a cross-case analysis was completed to identify common themes, patterns, exceptions and outliers.

The fact that only six cases were investigated means that it is impossible to calculate statistical significance in order to determine the reliability and generalisability of the results. However, while the study must be seen as exploratory in nature the systematic approach to data collection and the use of an independent expert to review the case data means that the results have *"face"* or *"content"* validity (Kinnear and Taylor, 1996) and constitute useful insight into recent farm diversification activity.

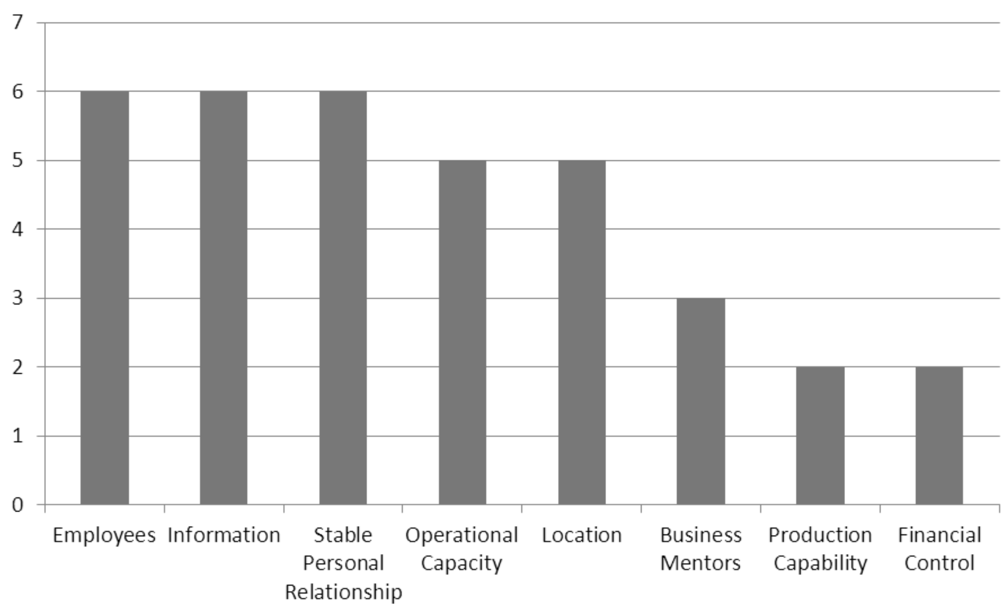
5.0 Discussion

Despite the fact that a heterogeneous sample was taken involving different

Table 1 – Profile of Sample Cases

Business	Original Business	Diversification Business	Type of Diversification	Respondent	Previous diversification experience	Previous business failure	Number of employees
A	Dairy farm	Marina	Diversifying into new activity	1. Business owner / manager	Yes	Yes	6-10
B	Dairy farm – no longer exists	Ice cream	Diversifying the farm business	2. Business owner / manager	No	No	15
C	Dairy farm	Document storage and archiving	Diversifying into new activity	3. Business manager of a franchise	Yes – several previous businesses	No	15
D	Dairy farm – contracted to neighbour	Ice cream and leisure	Diversifying into new activity and diversifying the farm business	4. Business owner / manager	No	No	30
E	Dairy farm – no longer exists	Goats	Diversifying the farm business	5. Business owner / manager	No	No	7
F	Arable	Dried flowers	Diversifying the farm business	6. Business owner / manager	Yes – several previous businesses	No	4-15

Figure 1 - Key (Strategic) resources behind success



types of diversification, including a franchise and business owners with varying years of experience, there are some clear and interesting patterns that have emerged across the case studies.

Key resources underpinning diversification

An unprompted question regarding the key resources underpinning the case diversifications produced the results shown in Figure 1.

It is apparent from the data shown in Figure 1 that stable personal relationship, information, and employees are resources that were considered important in all six cases.

People who work together are faced with a number of challenges but the main one for those who work with their personal partner must be that of managing their professional and personal relationships (Amarapurkar and Danes, 2005; Venter *et al*, 2009). However, the number of husbands and wives who work together is increasing and they are sometimes referred to as *"copreneurs"* (Venter et al, 2009). The nature of the wife's contribution to the business may vary as at one extreme she may be a co-owner and a member of the management team who receives payment for her efforts (Birdthistle and Fleming, 2007; Danes and Olson, 2003) while at the other end of the spectrum she may simply contribute to the business in the form of unpaid labour (Philipps, 2008). It is clear, however, that whatever the nature of the role undertaken by the wife the respondents to this survey consider *"personal relationship"* an important resource underpinning the diversification.

"You can't do without a stable marriage or a good partner."

Respondent 6

The fact that all of the respondents considered *"information"* as an important resource underpinning farm diversification is also not surprising. The old maxim of *"information is power"* would appear to be as relevant to farm diversification as to any other situation as the more information farmers have regarding customers, markets, and competitors then the more informed they are and the better their decision making. In fact, while most of the respondents made reference to the challenge of acquiring information about the retail markets into which they had diversified Respondent 3 revealed that access to knowledge about the archiving market was the primary reason that Business C diversified via the franchise route.

The importance of *"employees"* supports the view of Phelan and Lewin (2000) who consider the tacit knowledge of individuals as the most important strategic resource that many companies possess because it is unique, non-tradable, and may be enhanced over time.

The staff are *"...proud of what they do and I think that's the most important resource."*

Respondent 2

Although the question focused on resources, five respondents suggested that *"organisational capabilities"* were also important to the success of their diversified business. In this context the respondents acknowledged that resources such as staff are not sufficient in their own right to ensure that the diversification is successful and mentioned that good operational processes and procedures, IT systems, and communication networks were also needed. While the practitioners did not appear to distinguish between resources and capabilities it is encouraging to note that most appreciated the importance of both in a successful diversification.

Location of the business was another strategic resource mentioned by five respondents in terms of proximity to the customer base, access to raw materials, and proximity to natural resources. These are all heterogeneous factors which are hard to imitate and substitute without incurring high cost.

"We thought here was a good place to do something else because of our location."

Respondent 2

"We're different because we're stuck on the farm - in the middle of nowhere. Clients when they come and look for us don't quite believe we're here. They enjoy that."

Respondent 3

The study also found a strong sense that continual re-investment in the underpinning resources is of paramount importance to the success of any diversification venture. Businesses B, C and D all alluded to the importance of re-investment which has allowed them to expand slowly and within their means. Businesses A and E had gone through a more aggressive development phase but the respondents indicated that as the businesses moved into a consolidation phase then a strategy of gradual re-investment would be pursued.

Basic / strategic resources

It is interesting to note that the more frequently cited resources have many, though not necessarily all, of the characteristics of *"strategic"* resources. For instance a team of loyal and experienced staff may very well be *"durable", "non-appropriable"* , *"non-substitutable"*, *"superior",* and *"inimitable"* while at the other end of the scale *"production capability"* is a resource that is not *"durable", "non-appropriable"* , *"non-substitutable"*, *"superior",* and *"inimitable"* because a competitor with sufficient funding may buy similar or better resources relatively easily. As such, it would appear that even if it is only intuitive, the individuals involved in diversification do have some understanding of the characteristics of resources that are required in order to generate sustainable competitive advantage.

Previous research using RBT in a small business context suggests that basic resources such as buildings, finance, human resources and machinery are more strongly associated with success of the diversified enterprise than strategic resources (Rantamaki-Lahtinen, 2009; Forsman, 2004). However, in this project success appears to be based on a healthy mix of both basic and strategic resources.

The respondents as a resource

According to Conner (1991), discerning appropriate inputs that will support successful diversification may ultimately be a matter of entrepreneurial vision and intuition. While none of the respondents acknowledged it as such, and no questions were asked about the matter, the interview transcripts provided evidence that all the respondents were entrepreneurs and had an entrepreneurial mentality. Thus while Respondent F may state that "*I'm not quite sure what an entrepreneur is"* he did reveal classic characteristics of an entrepreneur when stating that he was an *"ideas person"* who *"loves starting new business ventures"*. As such, this study appears to support the view of Alvarez and Busenitz (2001) which suggests that not only does the farming culture engender entrepreneurial skills but that these individuals have been a major factor contributing to the success of the diversification and that they too constitute a strategic resource.

"The biggest benefit of starting a farming business off the back of a farm is that you are prepared to do anything and you're prepared to work harder. In farming you're cultured to work long hours. We're into [meeting] *clients sometimes at 5.00am. Do you think* (our competitors) *would do that?"*

Respondent 3

Interviewees clearly showed a flair for wanting to do something different and to take on a new challenge. Respondent A provides a typical illustration of this mentality when he states that *"If you get an idea you want to role with it, you just want to get started"*. Even though the respondents did not appear to have strong preferences about the nature of the business into which they would diversify they were clearly able to identify the relevant resources which would allow them to gain the stronger and more stable market presence that they sought.

Of the six case studies on which this investigation is based, in only one case did the respondent have any knowledge and experience of the business into which the organisation diversified and none claimed to know a lot about the industry into which they were diversifying. For instance Respondent B *"... looked upon it as another business and it just happened to end up being ice cream"*. This means that the respondents developed that knowledge after having diversified which suggests that the individuals involved were adaptable and learnt quickly. Indeed, when asked what farm resources had benefited the diversification Respondent D actually admitted it was his ability to be a "*jack-of-all-trades"*.

In this study the majority of the respondents had successfully matched external opportunities with internal resources which means that they may be deemed what Alsos *et al (*2003) refer to as *"resource exploiting* *entrepreneurs"*. The exception is Respondent 5 who appears to be a *"portfolio entrepreneur"* due to the nature of his diversification.

Sharing resources with the farm

The literature suggests that many diversifications involve the deployment of the same strategic resources in the diversification as used in the original business activity (Phelan and Lewin, 2000; Markides, 1997; Markides and Williamson, 1996; Prahalad and Hamel, 1990; Farjoun; 1994; Lemlin, 1982; Rumelt, 1984; Mahoney and Pandian, 1992; and Montgomery and Wernerfelt, 1997) and this was not different in this study. Each of the six case businesses used land, natural geographic resources, buildings, financial capital and/or raw materials from the farm business as the underpinning for the diversification.

"We could not have done what we've done without the backing of the capital base of the farm and without a profitable business alongside especially when times were tough."

Respondent 6

It is interesting to note, however, that while all the case diversifications initially made use of resources associated with the original farm business there was no overt strategy to gain benefit from sharing resources between businesses and all of the respondents stressed the importance of separating the two businesses as soon as possible.

"The farm subsidised it (the diversification) *at the beginning and in the first three or four years and then it was self financed."*

Respondent 4

Respondents made it clear that if the two businesses were not run independently then it is very difficult to appropriate costs and manage the financial side of the two businesses. Indeed, Case F had actually been split into three parts (arable, flowers and estate) primarily in order to clearly distinguish and facilitate the management of the three strategic business units but also as a means of succession planning for the three sons.

"We try as much as possible to keep the finances of the (diversified) business separate to the farm business."

Respondent 2

Conclusion

The main limitation of this study is that being based on just six case studies it is inherently qualitative in nature which means that it is not possible to generalise the findings with any known level of statistical significance. However, the methodology facilitated an in-depth investigation which means that the results appear valid and provide good insight into the subject of farm diversification. Indeed, the application of the RBT to farm diversification has revealed a number of insights that relate to the RBT and farm diversification.

In the first instance, and bearing in mind that applications of the RBT to farm diversification are very limited, this study serves to confirm that the RBT is a valid means of both understanding farm diversification and of gaining insight into successful farm diversification. While this study does not suggest that any modification is needed to the RBT to apply it in terms of farm diversification it does provide another practical example of the application of RBT in this context.

A second point is that the decision to diversify must be based on an opportunity in the external environment matched with the appropriate internal resources. Individuals considering a farm diversification are clearly encouraged to identify, develop, and strengthen the resources that in the diversified businesses will be *"strategic"* and which will form the basis of sustained competitive advantage.

Another point that became evident during the study was that resources may play a different role in the diversification than they do in the original business. Resources that the RBT would classify as *"basic"* in the original farming business when redeployed in the diversification sometimes became *"strategic"*. Whether resources are *"basic"* or *"strategic"* is very much context specific and dependent on the nature of the diversification so it is difficult to provide anyone considering diversification advice on the matter. However, it is clear that the Respondents in this study were aware of the role played by the different types of assets underpinning a diversification and would be *"diversifiers"* should be sensitive to the roles played by *"basic"* and *"strategic"* resources.

It would appear that successful farm diversification relies heavily on the presence of an entrepreneur. In this context these individuals appear to possess an inherent appreciation for the characteristics of different resources which allows them to identify *"basic"* and *"strategic"* resources and manage them in order to achieve a sustainable competitive advantage. It is then possible to speculate that the ability to appreciate the characteristics of various resources is a trait of a successful entrepreneur which in turn reinforces the notion that the individuals themselves are a particularly valuable resource of the business.

It was also apparent that respondents did not have a strong preference regarding the nature of the business into which they diversified. Of far greater importance for them was the deployment of resources so as to achieve sustainable competitive advantage and to meet the objectives of the diversification. Indeed, this may indicate that *"risk"* was a more important factor impacting the respondent's decision to diversify than the nature of the diversified business itself. It would appear possible to conclude, therefore, that an appreciation of the underpinning resources is more important in determining the success of a diversification than the nature of the business itself.

According to Kay (1995) success is more illuminating when contrasted with failure and this advice certainly provided insight in the context of this study. While the individuals involved in all six cases on which this study is based were now operating successful farm diversifications Respondents 1, 3, and 6 had made attempts to diversify in the past and failed. What was interesting in the context of this study, however, was the fact that the individuals concerned did not appear to dwell on the failure but treated it as a learning experience which they then used to underpin their subsequent, successful diversification. As such, the information generated through the failed diversification became a valuable resource in the successful diversification.

" we learnt what not to do."

Respondent 1

Knowledge was also at the heart of Respondent 3's decision to become a franchisee and this certainly appears to constitute a strategy that warrants more attention from potential farm diversifiers and policy makers. Knowledge is clearly a very important resource for any farm diversification but its acquisition can be difficult and costly. As such, franchising which makes use of someone else's business experience would appear to represent a very useful approach to farm diversification that could not only speed-up the diversification process but might require less investment while offering an improved chance of success.

Finally, while this study has provided useful insights into farm diversification it is readily apparent that there is considerable potential for conducting further research into the subject using the RBT. Further research utilizing a qualitative (exploratory) methodology could usefully investigate subjects such as resource decisions or the owner's motivations and objectives and the impact on resource deployment. On the other hand, further research could be conducted using a quantitative (confirmatory) methodology which might be employed to investigate such subject s as resource deployment within a farm diversification with respect to scale of the businesses involved or the attitude of farmers toward resource deployment and risk. However, despite the potential for further research farmers considering a farm diversification are still advised to take note of the findings from this study while policy makers may wish to use these findings to create an environment that will better support farm diversification.

About the authors

Dr Keith Walley (kwalley@harper-adams.ac.uk) is Head of the Business Management & Marketing Department at Harper Adams University College. Dr Walley has extensive consultancy experience having worked with numerous organisations operating in the public and private sectors. He has published in a wide range of business and management journals including *International Studies of Management & Organization*, *International Small Business Journal*, and *Industrial Marketing Management*. His current research interests include coopetition in the food supply chain, farm diversification,

acculturation, and consumer behaviour.
Dr Paul Custance is Principal Lecturer in marketing at Harper Adams University College. As lead on reach-out for over twenty years he produced a wide range of reports for government bodies, Regional Development Agencies, multi-national companies and local and regional SMEs. He has published papers in *Journal of Marketing Management, Business Strategy and the Environment, Journal of Business and Industrial Marketing* and other journals. His current research interests include branding, food supply chains and care farming.
Faye Smith completed an MBA in Food Industry Management at Harper Adams University College. Faye is currently working as a Business Development Manager for Helen Brown Organics in Wiltshire.

References

Alsos, G. A and Carter, S. 2006. Multiple business ownership in the Norwegian farm sector: resource transfer and performance consequences. *Journal of Rural Studies.* 22, 313-322.

Alsos, G.A.; Ljunggren, E.; and Pettersen, L.T. 2003. Farm-based entrepreneurs: what triggers the start-up of new business activities? *Journal of Small Business and Enterprise Development.* 10, (4), 435-443.

Alvarez, S. A and Busenitz, L.W. 2001. The entrepreneurship of resource-based theory. *Journal of Management.* 27, 755-775.

Amarapurkar, S.S. and Danes, S.M. 2005. Farm business owning couples: interrelationships among business tensions, relationship conflict quality, and spousal satisfaction. *Journal of Family and Economic Issues*, 26, 3, 419-441.

Barney. J, Wright. M and Ketchen, D. J. 2001. The resource based view of the company: ten years after 1991. *Journal of Management.* 27. 625-641.

Birdthistle, N. and Fleming, P. 2007. Under the microscope: a profile of the family business in Ireland. *Irish Journal of Management*, 28, 2, 135-171.

Bosworth, G and McElwee, G. 2009. *Exploring a typology of farm diversification approaches* [On-line]. Rural Institute of Chartered Surveyors. Available from: http://www.rics.org/site/scripts/download_info.aspx?fileID=3527&categoryID=548 [Accessed 13th April].

Bowman, C. and Ambrosini, V. 2007. Identifying valuable resources. *European Management Journal.* 25, (4), 320-329.

Chatterjee, S. and Wernerfelt, B. 1991. The link between resources and type of diversification: theory and evidence. *Strategic Management Journal.* 12, (1), 33-48.

Clark, J. 2009. Entrepreneurship and diversification on English farms: Identifying business enterprise characteristics and change processes. *Entrepreneurship and Regional Development*. 21, (2), 213-236.

Coase, R.H. 1952. The nature of the firm. In G.J. Stigler and K.E. Boulding (Eds), *Readings in Price Theory*. Irwin: Chicago, 331-351.

Collis, D. J. and Montgomery, C. A. 2008. Competing on resources. *Harvard Business Review.* July – August.

Conner, K. R. 1991. A historical comparison of resource based theory and five schools of thought within industrial economics: do we have a new theory of the company. *Journal of Management*, 17, 121-154.

Danes, S.M. and Olson, P.D. 2003. Women's role involvement in family businesses, business tensions, and business success. *Family Business Review,* 16, 1, 53-68.

DEFRA. 2010a. The rural development programme 2007-2013 – a summary [On-line]. Available from: http://www.defra.gov.uk/rural/documents/rdpe/rdpe-sum.pdf [Accessed 25th July, 2010].

DEFRA. 2010b. Farm diversification in England: Results from the farm business survey, 2008/09 [On-line]. Available from: http://www.defra.gov.uk/evidence/statistics/foodfarm/farmmanage/diversification/documents/Divers10.pdf [Accessed 13th April, 2010].

Farjoun, M. 1994. Beyond industry boundaries: human expertise, diversification and resource related industry groups. *Organisational Science.* 5, (2), 185-199.

Forsman, S. 2004. How do small rural food based companies compete? A resource- based approach to competitive strategies. *Agriculture and Food Science, 13, 6-156.* Available from: *http://cat.inist.fr/?aModele=afficheN&cpsidt=16028906 [Accessed 22nd November 2010]*

Gill, J. 1995. Building theory from case studies. *Journal of Small Business and Enterprise Development*, 2, 71-5.

Grant, R.M. 1991. The resource-based theory of competitive advantage: implications for strategy formulation. *California Management Review.* 114-135.

Grant, R.M. 2008. *Contemporary strategy analysis.* 7th ed. Chichester: John Wiley & Sons Ltd.

Hair, J.F.; Money, A.H.; Samuel, P. 2007. *Research methods for business.* Chichester*:* John Wiley & Sons Ltd.

Johnson, G.; Scholes, K.; and Whittington, R. 2008. *Exploring corporate strategy*. 8th edition. FT Prentice Hall: London.

Kay, J. 1995. *Why firms succeed*. Oxford University Press: Oxford.

Kinnear, T.C. and Taylor, J.R. 1996. *Marketing research: an applied approach*. 5th edition, McGraw-Hill, New York.

Lemlin, A. 1982. Relatedness in the patterns of inter-industry diversification. *The Review of Economics and Statistics*.

Mahoney, J. T and Pandian, R. 1992. The resource-based view within the conversation of strategic management. *Strategic Management Journal.* 13, (5), 363-380.

Markides, C.C. 1997. To diversify or not to diversify. *Harvard Business Review.* November, 85-92.

Markides, C.C. and Williamson, P.J. 1996. Corporate diversification and organisational structure: a resource based view. *Academy of Management Journal.* 39, (2), 340-367.

Markides, C.C. and Williamson, P.J. 1997. Related diversification, core competences and corporate performance. In: Foss, N.J. (ed). *Resources companies and strategies: a reader in the resource-based perspective.* New York: Oxford University Press, pp 235-256.

Maye, D.; Ilbery, B.; Watts, D. 2009. Farm diversification, tenancy and CAP reform: results from a survey of tenant farmers in England. *Journal of Rural Studies*, 25, 333-342.

McElwee. G,; Anderson, A.; and Vesla, K. 2006. The strategic farmer: a cheese producer with cold feet. *Journal of Business Strategy.* 27, (6), 65-72.

Montgomery, C. A and Wernerfelt, B 1997. Diversification, ricardian rents and tobin's q. In: Foss, N.J. (ed). *Resources, companies and strategies: a reader in the resource-based perspective.* New York: Oxford University Press, pp 173-186.

Myers, M.D. 2009. *Qualitative research in business and managemen*t. Sage: London.

Patton, M.Q. 2002. *Qualitative research and evaluation methods.* 3rd ed.

California: Sage.

Penrose, E. 1959. T*he theory of the growth of the company.* Basil Blackwell: Oxford.

Peteraf, M.A. 1993. The cornerstones of competitive advantage: a resource based view. *Strategic Management Journal.* 14, (3), 179-191.

Peteraf, M. A and Barney, J. B. 2003. Unraveling the resource-based tangle. *Managerial and Decision Economics.* 24, (4), 309.

Phelan, S.E. and Lewin, P. 2000. Arriving at a strategic theory of the firm. *International Journal of Management Reviews.* 2, (4), 305-323.

Philipps, L. 2008. Silent partners: the role of unpaid market labour in families. *Feminist Economics*, 14, 2, 37.

Prahalad, C.K. and Hamel, G. 1990. The core competence of the corporation. *Harvard Business Review*, May-June, 1-15.

Rantamaki-Lahtinen, L. 2009. The success of the diversified farm: a resource based view. *Agriculture and Food Science,* 18, (1), 1-134.

Rumelt, R.P, 1984. "Towards a strategic theory of the firm," in Robert Lamb (ed.) Competitive Strategic Management. Englewood Cliffs, N.J.: Prentice-Hall, 556-70. Reprinted in: Foss, Nicolai J. (ed), *Resources Firms and Strategies: A Reader in the Resource-Based Perspective*. Oxford University Press, 1997. pp. 131-145.

Turner, M.; Winter, M.; Barr, D.; Errington, A.; Fogerty, M.; Lobley, M.; Reed, M.; and Whitehead, I. 2003. Farm Diversification Activities – Benchmarking Study 2002 Final report to DEFRA. University of Exeter, Centre for Rural Research. Available from: http://eric.exeter.ac.uk/exeter/handle/10036/32972

Vesala, H.T. and Vesala, K.M. 2010. Entrepreneurs and producers: identities of Finnish farmers in 2001 and 2006. *Journal of Rural Studies*, 26, 21-30.

Venter, E.; Farrington, S.; and Boshoff, C. 2009. Selected relational-based factors that impact on the successful functioning of copreneurial businesses: a proposed conceptual model. *Management Dynamics*, 18, (2), 2-21.

Wernerfelt, B. 1984. A resource based view of the firm. *Strategic Management Journal.* 5, 171-180.

Yin, R.K. 2009. *Case study research: design and methods.* 4h edition. California: Sage Publications, Inc.