

The Interface Between Innovation and Entrepreneurship with Strategic Risks and the Budget in a Brazilian Agribusiness Company*

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Abstract: In the context of Resource-based Theory (RBT), management control components such as budgeting play a crucial role in organizing and maximizing the potential of resources and capabilities. This research aims to explore the interface between the dynamic capabilities of innovation and entrepreneurship, and their relationship with strategic risks and budget utilities in a Brazilian agribusiness company. The study employs a case study approach, utilizing coded categories derived from the literature to analyze selected excerpts from interviews, observations, and documents through qualitative analysis. The findings indicate that the budget primarily serves as a goal-oriented tool, enabling the exploration of alternatives within established limits to address the specific challenges of each unit, particularly in managing strategic risks. The study suggests that the interface between dynamic capabilities (entrepreneurship and innovation) and strategic risks fosters discussions focused on optimizing budget utility. Moreover, the budget was observed to function as an interactive environment that facilitates the exchange of information and experiences, which in turn supports the development of innovative solutions to strategic risks, such as the creation of a digital platform and the organization of field day events. The research theoretically demonstrates that the budget supports both the exploitation of existing capabilities and the exploration of new opportunities. Practically, these findings underscore the potential of the budget to advance multiple priorities, thereby offering valuable insights for the dissemination of this concept within the field.

Keywords: Corporate budget, entrepreneurship, innovation, strategic risks.

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Interrelación entre innovación y emprendimiento con los riesgos estratégicos y el presupuesto en una empresa agroindustrial brasileña

Resumen: en el contexto de la teoría de recursos y capacidades (RBT, en inglés), los componentes del control de gestión juegan un papel crucial en la organización y maximización del potencial de los recursos y las capacidades. Esta investigación tiene como objetivo explorar la interrelación entre las capacidades dinámicas de innovación y emprendimiento con los riesgos estratégicos y la utilización del presupuesto en una empresa agroindustrial brasileña. El presente estudio emplea el método de estudio de caso, utilizando categorías codificadas derivadas de la literatura para analizar extractos seleccionados de entrevistas, observaciones y documentos desde un enfoque cualitativo. Los hallazgos indican que el presupuesto funciona principalmente como una herramienta orientada a los objetivos, permitiendo la exploración de alternativas dentro de límites establecidos para abordar los desafíos específicos de cada unidad de negocio, especialmente en la gestión de riesgos estratégicos. El estudio sugiere que la interrelación entre las capacidades dinámicas (emprendimiento e innovación) y los riesgos estratégicos fomenta discusiones centradas en la optimización de la utilidad del presupuesto. Además, se observó que el presupuesto funciona como un entorno interactivo que facilita el intercambio de información y experiencias, lo que, a su vez, propicia el desarrollo de soluciones innovadoras para los riesgos estratégicos, como la creación de una plataforma digital y la organización de eventos de campo. La investigación demuestra teóricamente que el presupuesto respalda tanto la explotación de capacidades existentes como la exploración de nuevas oportunidades. En la práctica, estos hallazgos evidencian el potencial del presupuesto para abordar múltiples prioridades, ofreciendo así valiosas ideas para la difusión de este concepto en el campo.

Palabras clave: presupuesto corporativo, emprendimiento, innovación, riesgos estratégicos.

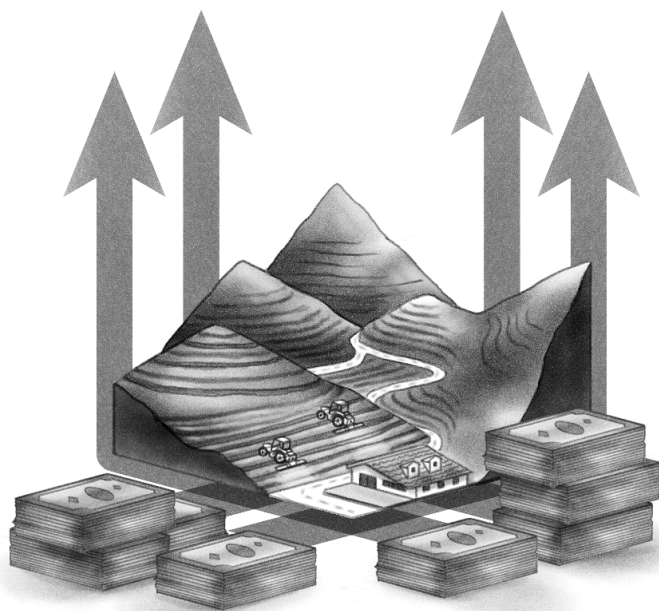
A interface entre inovação e empreendedorismo com riscos estratégicos e o orçamento em uma empresa brasileira do agronegócio

Resumo: No contexto da teoria baseada em recursos (RBT, na sigla em inglês), os componentes de controle gerencial, como o orçamento, desempenham papel crucial na organização e maximização do potencial de recursos e capacidades. Esta pesquisa tem como objetivo explorar a interface entre as capacidades dinâmicas de inovação e empreendedorismo, e sua relação com riscos estratégicos e utilidades orçamentárias em uma empresa brasileira do agronegócio. O estudo emprega uma abordagem de estudo de caso, a partir de categorias codificadas derivadas da literatura para analisar trechos selecionados de entrevistas, observações e documentos por meio de análise qualitativa. Os resultados indicam que o orçamento serve principalmente como uma ferramenta orientada a objetivos, uma vez que permite a exploração de alternativas dentro dos limites estabelecidos para enfrentar os desafios específicos de cada unidade, especialmente na gestão de riscos estratégicos. O estudo sugere que a interface entre capacidades dinâmicas (empreendedorismo e inovação) e riscos estratégicos fomenta discussões focadas na otimização da utilidade orçamentária. Além disso, observou-se que o orçamento funciona como um ambiente interativo que facilita a troca de informações e experiências, o que, por sua vez, apoia o desenvolvimento de soluções inovadoras para riscos estratégicos, como a criação de uma plataforma digital e a organização de eventos de dia de campo. A pesquisa demonstra teoricamente que o orçamento apoia tanto a exploração das capacidades existentes quanto a exploração de novas oportunidades. Na prática, essas descobertas ressaltam o potencial do orçamento para promover múltiplas prioridades, oferecendo assim informações valiosas para a disseminação desse conceito dentro do campo.

Palavras-chave: orçamento corporativo, empreendedorismo, inovação, riscos estratégicos.

Introduction

The utilities of the budget were described as (1) planning—encompassing planning, coordination, resource allocation, and determination of operating volumes—and (2) dialogue—encompassing communication, awareness-raising, and motivation, as discussed by Silva and Lavarda (2020). These functions enable managers to respond promptly and securely to environmental opportunities or threats. This concept has gained increasing attention in recent literature, which explores how and why management controls can support entrepreneurship and innovation (Henri & Wouters, 2020; Teece, 2018; Yanishevskaya, 2017).



The Resource-based Theory (RBT) posits that an organization that effectively exploits its internal resources and capabilities can achieve superior performance, allowing it to navigate market dynamics and competition (Barney *et al.*, 2021). As the organization interacts with the external environment, these resources must be reconfigured, with strategic risks serving as important drivers of this process (Barney & Hesterly, 2011).

When considering agribusiness as a field of study, numerous risks emerge due to its inherent nature, which can significantly impact the processes of entrepreneurship and innovation (Rezaei-Moghaddam & Izadi, 2019). According to Izadi and Rezaei-Moghaddam (2017), factors such as an inadequate business environment and policies, poor management skills, insufficient financing, and ineffective pricing strategies can undermine competitive advantage. Additionally, climatic instability and the emergence of diseases and pests are particularly noteworthy challenges (Scoponi *et al.*, 2019).

Evidence for the relationship between management control and these dynamic capabilities creates a need for a better understanding as to how and why the presence of control practices can provide information that supports innovation and entrepreneurship (Henri & Wouters, 2020). However, the existing literature did not consider the budget scenario and its uses in the discussions between strategic risks and the dynamic capabilities to innovate and start a business venture (Henri, 2006; Bogers *et al.*, 2019; Widener, 2007).

In such circumstances, the study outlined the following research question: How do the dynamic capabilities of innovation and entrepreneurship interface with strategic risks and budget utilities? The study aims to understand the interface between the dynamic capabilities of innovation and entrepreneurship with strategic risks and budget utilities in a Brazilian agribusiness company.

The justification and theoretical contribution of the present study are based on demonstrating how the discussion between budget utilities and strategic risks and dynamic capacities for innovation and entrepreneurship in agribusiness occurs. It also validates how managers discuss and select actions to plan, achieve goals, have control, align employee behavior, and achieve dialogue (Widener, 2007).

The budget is understood as a complementary resource as it serves to influence the employee to implement the strategy (Barney, 2020). In the practical field, our study seeks to clarify for agribusiness organizations that the budget offers more uses—in addition to controlling and assessing performance—that can support risk control, in which its role has been neglected (Gurd & Helliar, 2017), and that it gives rise to entrepreneurship and innovation, which are a source of competitive advantage (Henri, 2006; Teece *et al.*, 1997).

The theoretical basis of the study is developed in the next section. Then, the methodological procedure adopted will be presented. The section afterwards included the analysis and discussion of the results, which are divided between descriptive and analytical discussions, in concordance with the literature review.

Theoretical framework

Risk is a central element of an organization's strategic management. It involves the systematic analysis of risks associated with various activities, aimed at achieving a sustained competitive advantage both in individual activities and across the organization as a whole (FERMA, 2003). The risks that the organization decides to accept, share, transfer, or mitigate must be continuously monitored through management control systems (Sales, 2010).

In more turbulent contexts (Teece *et al.*, 1997), management control is unlikely to facilitate entrepreneurship and innovation, as seen in agribusiness organizations (Muller-Stewens *et al.*,

2020; Rezaei-Moghaddam & Izadi, 2019). Therefore, when aiming to launch a business venture and innovate, the utility of budget planning may constrain these efforts to ensure the attainment of predictable goals aligned with the intended strategies (Simons, 1995).

Amidst a turbulent environment, managers do not prioritize innovation and entrepreneurship, but the achievement of goals (Simons, 2010) that are essential to market survival (Van der Stede, 2016). These are associated with strict control and structured communication channels and restricted information flows (Silva & Lavarda, 2020). In this scenario, the organization needs to find a balance between strict control over employees, with losses in creativity, or a lack of this, which could lead to lower performance (Simons, 1995).

A dilemma arises when it is necessary to grant employees the freedom to foster innovation, while simultaneously maintaining control to monitor strategic risks, manage resource utilization, and ensure the achievement of goals (Sales, 2010; Yanishevskaya, 2017). In agribusiness, it is clear that some organizations view innovation as an alternative for economic survival (Sachitra & Chong, 2018). However, it has a high degree of agricultural risk (Läpple *et al.*, 2016).

Given the above, the following theoretical proposition was established for this research study:

P1 – The interface between dynamic capabilities (entrepreneurship and innovation) with strategic risks allows discussions aimed at valuing budget utilities planning.

Budget utility, grouped in the dialogue, can support the development of ideas and creativity (Abernethy & Brownell, 1999; Yanishevskaya, 2017) that are necessary to start a business venture and innovate (Simons, 1995). The characteristic of this utility is aimed at communicating, creating awareness, and motivating (Ekholm & Wallin, 2011), which can trigger innovative behaviors (Hansen *et al.*, 2004). In this way, informal control and open communication channels and a flow of information throughout the organization are presented (Henri & Wouters, 2020).

Budget utility dialogue creates internal pressure that stimulates the search for opportunities and promotes the emergence of new strategic initiatives (Simons, 1995). Debating ideas and maintaining an open dialogue facilitates a broad perspective on strategic issues, for example, in relation to concerns, new ideas and ways of operating (Henri, 2006; Muller-Stewens *et al.*, 2020). In this scenario, the utilities of the budget encourage discussions about innovation and entrepreneurship, which discusses the inherent strategic risks for achieving them.

The organization monitors strategic risks and pursues growth as a tension that must be carefully balanced, emphasizing the importance of managing the risks inherent in organizational expansion (Simons, 1995). This approach encourages the generation of new ideas in the pursuit of opportunities within an acceptable risk domain (Laitinen *et al.*, 2016). In agribusiness, it is evident that innovation relies on the ability to leverage and enhance the knowledge available within the environment (Garcia-Cortijo *et al.*, 2019). Such a situation is particularly significant when considering

the dual objectives of entrepreneurship and knowledge development, all while navigating the high degree of agricultural risk involved (Rezaei & Izadi, 2019; Sachitra & Chong, 2018).

Given the above, we established the following theoretical proposition:

P2 – The interface between dynamic capabilities (entrepreneurship and innovation) with strategic risks allows discussions aimed at valuing the budget utility of dialogue.

Methodological trajectory

We characterized the investigation as a case study, whose aim was to understand an organization and delve into the reasons behind certain phenomena (Yin, 2017). The case study method seeks a profound understanding of the social nature of accounting practices within the studied company (Scapens, 2004). This choice allowed us to observe the interface between the budget's utilities and the dynamic capabilities of entrepreneurship, innovation, and strategic risks.

One stage of the research involved selecting the case that constitutes the object of the investigation. In this study, we prioritized relevance over representativeness (Flick, 2004). The interviewees and the organization were chosen based on the specific goals, problem, and objectives of the research work. The research strategy was designed to focus and direct the extensive amount of information generated during data collection.

The organization under study was intentionally chosen for its emphasis on entrepreneurship and innovation as a source of inspiration and its use of budgeting as a form of management control. Additionally, the criteria of relevance and accessibility were considered, as the case aligns with the theoretical assumptions of the research, and both the organization and individuals involved facilitated the study.

These aspects were discussed with the company: direct contact with a unit manager via WhatsApp, later cross-referenced with information on the website, social media, and a face-to-face meeting. The first contact with the manager of the selected company units occurred on September 19, 2019, when the study details, methodological procedures, and the cover letter and research protocol were provided.

Yin (2017) highlights that a case study is not intended to serve as a sampling method; its goal is to expand and generalize theories through analytical generalization rather than to enumerate frequencies through statistical generalization. In the context of a single case, the results provide evidence of the phenomenon occurring within the reality of the agribusiness organization. This research was approved by the Human Research Ethics Committee at the Federal University of Grande Dourados (CEP/UFGD), with the Presentation Certificate for Ethical Appreciation – CAAE n.º 29468620.2.0000.5160.

Agribusiness was chosen for study due to its importance in the Brazilian economy and its connection to the innovation process. According to data from the Ministry of Agriculture, Livestock and Supply (MAPA), the agribusiness sector represented 21.46% of the national gross domestic product (GDP) in 2018 (República Federativa do Brasil, 2021). Brazil is one of the largest producers and exporters of agricultural products in the world (Artuzo *et al.*, 2018). Grains, particularly soybeans and corn, have driven the rapid growth in production and productivity, largely due to the geographical expansion in the Midwest region of the country and the adoption and diffusion of innovations (Borlachenco & Gonçalves, 2017). Innovation has enabled the resolution of various challenges faced by agriculture, such as growers' adaptation to climate issues and the management of natural resources (Artuzo *et al.*, 2018).

The information required for the research was detailed in a case study protocol, which includes the research questions, objectives, definitions of the methodological procedures used, the researchers' introduction letter, and the informed consent form (ICF). This input clarifies the study's objectives, procedures, and the participation of respondents in the research while ensuring the confidentiality and anonymity of the interviewees.

Table 1 presents the categories, subcategories, constitutive definitions, operational definitions, and the authors contributing to the construct. These authors reflect the theoretical foundation of the research. However, as this is a case study, the tools for data collection and analysis are focused on understanding the meanings and experiences of managers within the selected categories.

Table 1. Characterization of research categories and their constitutive and operational definitions.

Category	Subcategory	Constitutive definition	Operational definition	Theoretical framework
Strategic risks	Operational	Risk of failure in the main internal business processes, as manufacturing or processing and hinders the utility ability to implement its strategy	The manager reports on potential risks and puts emphasis on budget, entrepreneurship and innovation. Analysis of documents that mention the risk. Observation of aspects relevant to these reasons	Simons (2000); Simons (1990)
	Recoverable amount of assets	Risk of which the assets will deteriorate		
	Competitive	Market inherent risk, regarding problems that hinder the creation of value and remain competitive		
Budget utilities	Planning	Utilities that aim to achieve the necessary goals for the intended strategy	Reports from the manager about the potential utilities for the budget in the organization. Analysis of documents that aim to use the budget. Observation of aspects relevant to these reasons	Ekholm and Wallin (2011); Abernethy and Brownell (1999); Simons (1995)
	Dialogue	Utilities that stimulate the search for opportunities and encourage the emergence of new strategic initiatives		
Dynamic capability	Innovation	Ability to be open to new ideas, products and processes and	Manager reports on organizational and strategic	Miller (1983); Slater and

Category	Subcategory	Constitutive definition	Operational definition	Theoretical framework
		their orientation towards innovation	routines that the organization adopts during budget	Narver (1999); Naman and Slevin (1993); Hurley and Hult (1998)
	Entrepreneurship	Ability to renew, be a pioneer and take, in a constructive way, risks in their markets and areas of operation	discussions on innovation and entrepreneurship. Observation of aspects relevant to these reasons.	

Source: authors (2024).

We conducted data collection through interviews, document analysis, and observation. The interviews followed a semi-structured, predefined script, allowing for flexibility to adapt questions to the specific context of each investigation. The interview script included semi-structured and open-ended questions, developed based on the theoretical framework and instruments used in previous research. The script was organized into five blocks: i) respondent characterization, ii) entrepreneurship, iii) innovation, iv) budget utilities, and v) strategic risks. This standardized instrument was applied consistently across all research subjects.

To validate the research instrument, preliminary interviews were conducted with two managers from an agribusiness organization to ensure that the questions aligned with the study's objectives. Each interview was recorded and lasted approximately 30 minutes. Following the interviews, the managers were asked to provide feedback on the clarity and comprehensibility of the questions. The transcripts from these pre-test interviews were analyzed, confirming that the research instrument effectively addressed the study objectives and research questions. Table 2 provides a detailed description of the interview script.

Table 2. *Description of the interview script.*

Blocks	Description	Number of questions
1	Characterization of the respondent	12
2	Entrepreneurship	2
3	Innovation	2
4	Budget utilities	3
5	Strategic risks	3

Source: authors (2024).

The interviews were conducted at two different times, in April and May 2020. Certain information—such as documents and organizational records from the past 3 years—was provided via email or presented during the interviews, which took place at administrative units located in midwestern Brazil. Table 3 provides a list of the research subjects.

Table 3. Research Subjects.

Respondents	Position	Time
1	Financial and Legal Director	35min
2	Human Resources Director	35min
3	Unit Manager	34min
4	Commercial Director	34min
5	Unit Manager	35min
6	Financial Analyst	40min
7	Unit Manager	50min
8	Unit Manager	33min

Source: authors (2024).

The interviewees held dual roles and possessed sufficient qualifications. To ensure the reliability of the information gathered, interviews were recorded with the consent of the participants. Subsequently, their content was transcribed and submitted to the managers for their approval. The transcript spanned 22 pages of records.

In addition to interviews, we employed or accessed the following documents: a company history (referred to anonymously as Agro Organization), complete annual financial reports for the period 2015-2018, the code of conduct reports published on websites and social media platforms, and emails exchanged with the research subjects. Additionally, the business budget for recent years was extracted from the integrated management system. Data collection continued until May 2020.

The interviews were conducted with strategic and operational level managers from February to March 2020. Other key inputs, such as records and documents, were provided during the visits and by e-mail. The locations were the administrative units located in the company's branch and head office.

Observations were conducted during visits, interviews, and recorded in notes within the respective field diary. The field notes provided additional and complementary information, documenting words, phrases, and aspects related to the research environment, location, and visual presentation. During interviews, the research team visited production and administrative unit facilities, interviewees' workplaces, and meeting rooms. These notes aim to describe events, specific observations, questions, and reflections on occurrences (Gibbs, 2009).

Yin (2017) reports that triangulation of data increases the credibility and reliability of the case study. In this way, an analysis of internal records, documents and the transcribed text of the interviews was performed. This analysis began with a review of the documents, field notes, and the transcribed and categorized text. We systematically reviewed the interview content and its align-

ment with the study categories. This process included discussions at various stages during the interpretive process and analysis of the results.

Analysis and discussion of results

Contextualization of the organization

The organization's website presents it as responsible company for trading inputs, pesticides, herbicides, fertilizers, and seeds (corn and soybeans), in addition to providing agronomic advice and monitoring. With over 24 years of experience and operational commercial units, the organization generates approximately 90 jobs. It also offers investment opportunities, partnerships with agricultural brands, and expansion potential, which contribute to the consolidation and continuity of its activities.

Over the past six years, the management of the family group, traditionally centered around the owner, has undergone a transition with the introduction of professionals into strategic positions. Key milestones in its history include expansion and growth, with a total of six operational units across its state of origin. The organization is structured as a limited-capital corporate entity.

During its expansion and growth phase, starting in mid-2014, the organization initiated a structural shift from centralized to decentralized decision-making. This transition involved sectoral direction and restructuring, including the hiring of directors and managers, as well as investments in new units and products, reflecting a more decentralized approach. The current strategic configuration features the owner working in conjunction with directors and managers, with decisions made through a collegial process.

The organization fits the premises of RBT, especially with regard to dynamic capabilities (Barney, 2020; Teece *et al.*, 1997). Within the organization, it is understood that the strategic command structure, consisting of a collegiate body, is a crucial factor influencing the degree of decentralization in decision-making. This setup affects budgetary allocations and facilitates discussions on strategic risks, entrepreneurship, and innovation.

Analysis and discussion of the interface between budget utilities and dynamic capabilities (entrepreneurship and innovation) and strategic risks

Dynamic capabilities, such as entrepreneurship and innovation, are evident within the information systems, organizational, and operational structures. The data indicates that the organization operates in an entrepreneurial environment, presupposing innovation through risky invest-

ments and new challenges. However, these activities are also moderated by the strategic risks inherent to agribusiness organizations, as outlined in the literature (Rezaei & Izadi, 2019).

Over the past seven years, investments have been made in opening three new units and in developing a concept of self-sustainability across all stores and farms. These investments necessitated the acquisition of machinery, installation of new infrastructure, and recruitment of professionals with expertise in management, technology, and marketing. Interviewee 7 reports that "With new sectors, the entry of more professionals, we are mainly guided by information and this benefits from analyzing the feasibility."

Interviewee 2 outlines the reasons for entrepreneurship and innovation for the organization:

[...] we are in a sector that has a lot of risk. We depend on climate, and our supply comes from producers' productivity. So, because it is a high risk and highly competitive environment, in Maracaju, we have more than 20 to 25 competitors in the municipality. As it is a highly competitive environment, we value it.

Converging with such an appointment, interviewee 3 reports:

[...] The industry is in the open. If you sow and don't reap, we'll have a problem. Another part is to make a registration analysis for sales since the deadlines are long for receipts. Unit x did the following to minimize that risk.

Interviewee 1 explains that "for our business, we start a business and innovate [...] for our process." For interviewee 5, "[...] it is given in our technical experiences and processes." In this way, the organization understands that entrepreneurship and innovation are for dealing with the strategic risks inherent to the industry. This is demonstrated with the creation of the Day of Field (*Día de Campo*) event, a partnership with a financial cooperative. With the implementation of photovoltaic energy, duplicate control was created to reduce the risks of non-receipts, creation of the digital platform, which will be contextualized throughout the analysis.

In this sense, there is a remarkably close interface between dynamic capabilities and strategic risks. According to interviewee 2: "innovation is resistant when perceiving imminent risk [...], there was a climate risk, we reduced the role of entrepreneurship, but to improve the innovation process, we do not stop it if it is already being implemented." Interviewee 3 states: "we created a committee to evaluate customers and that goes through me and the headquarters for analysis."

The company's internal reports highlight concerns about strategic risks, noting that "the deployment of photovoltaic energy was not in a favorable scenario due to the forecast of low rainfall, but it would introduce something new to our process and offer a return by reducing fixed costs." The study confirms the interface between strategic risks and dynamic capabilities, as

revealed by Yanishevskaya (2017), indicating that the organization aims to balance risk management with entrepreneurship and innovation.

The reports reveal that interviewees emphasize achieving goals and adhering to the budget as a primary concern. Interviewee 7 stated, "If you achieve the goal without violating company rules, you have complete independence to start a business and innovate." This indicates that the organization values strict control to meet operational planning goals and monitor strategic risks, while also allowing freedom for creativity and innovation (Henri, 2006).

The utility of budget planning helps in correcting deviations from objectives and monitoring to achieve established goals, in accordance with Simons (1995). According to interviewee 8, "the budget helps to plan our year, which is necessary to bill and give margin, allocate resources in the units and correct when necessary."

Similarly, the internal report addressed to managers suggested exploring alternatives to optimize the budget without compromising it, pointing to Unit *y* as a potential solution. In this unit, duplicate controls were implemented to mitigate the risk of non-receipt by customers, improving deadlines and consequently reducing revenue loss. Additionally, the statements and documents indicate that budget planning serves as a foundation for discussions on strategic risks and dynamic capabilities. The budget is perceived as creating an environment that supports self-management and innovation within the limits established by senior management (Cools *et al.*, 2017; Simons, 1995).

Interviewee 3 highlights that his unit has partnered with a financial cooperative to minimize the risks of receiving and ensure the goal established:

[...] some customers are classified as punctual with the cooperative and with us, that is, they have a pre-approved resource with a lower interest rate [...], so they buy from us, and they owe the cooperative with a deadline to pay in one year [...].

In Unit *x*, which was experiencing financial difficulties and was a reason for discontinuity talks, interviewee 7 reports:

At the time, we needed resources because we had a shortage of customers and those we had, did not pay, without a budget target [...] and then we started a field day, [...] to highlight the image of our unit, promote information to producers in the region, [...] we called companies in the agricultural sector that sell machines and invited them to partner to expose their products on the field day.

Both cases underscore the importance of the budget in achieving goals and managing potential risks, which are crucial for maintaining competitiveness (Merchant *et al.*, 2015). However, while strict control and prioritized focus are essential, they also permit the freedom necessary for

creativity, entrepreneurship, and innovation, all of which aim to enhance organizational processes (Abernethy & Brownell, 1999). It is worth mentioning that the event created in 2016 was replicated in all units and, according to interviewee 7, with competitors too.

Given the presented context, the documents and reports from the interviewees provide evidence supporting Proposition 1. The research demonstrates that the interaction between dynamic capabilities (entrepreneurship and innovation) and strategic risks facilitates discussions that enhance the value of budgetary planning. Thus, consistent with the literature, there is a balance between managing strategic risks and fostering entrepreneurial and innovative roles within the organization (Merchant *et al.*, 2015; Sales, 2010; Simons, 1995; Yanishevskaya, 2017).

Further analysis revealed that the budget serves multiple functions within the organization. Interviewee 2 noted: "the budget motivates most of the time because it creates a sense of ownership over the store, [...] and provides some autonomy to work." Similarly, interviewee 6 stated that "the budget creates awareness for the limit of expenses and generation of revenue, [...] and motivates through the goals, whoever achieves it, wins more." Interviewees 3, 4, 5 and 8 converge and add that the budget fosters responsibility, as managers must strive to meet the commitments ('determination of volumes') they are given.

Additionally, it was observed that the budget serves as a foundation for discussion, as evidenced by an email shared by interviewee 8, in which unit managers were invited to discuss the challenges, demands, and budget volumes of each unit. "There is a dialogue, and we analyze, for example, the feasibility of implementing successful practices in other units," highlighted interviewee 6. These findings suggest that the organization actively debates ideas and maintains an open dialogue, fostering a broad perspective on strategic issues, including addressing concerns, exploring new ideas, and optimizing operations (Henri, 2006; Muller-Stewens *et al.*, 2020).

The Field Day event, initiated in 2016, was created to address resource limitations, operational risks, and attract prospective customers. As interviewee 5 noted, "the traditional Field Day is now implemented across all units." Interviewee 4 emphasized, "After the positive impact, it was presented and discussed as an alternative for all units [...] during one of the meetings with managers." Videos from nearly all units are available on social media. In this case, in response to the risks, the budget facilitated an alternative through dialogue, assignment of responsibility, and motivation (Ekholm & Wallin, 2011). The 2020 regulation highlighted that the event has become a success, displaying a diverse range of exhibitors, technologies, and knowledge.

This role is reinforced by the board's initiative, which fosters learning and socialization through training, meetings, and events. This practice is encouraged to facilitate discussions on ideas and strategic risks, which "are addressed in relation to the market, weather conditions, crop outcomes, and customer needs," as emphasized by interviewee 7. The organization's institutional

website features texts, photos, and videos that promote these events. Notable highlights include high-performance teams, strategic negotiation, and the annual trade convention.

In social media, the application was also reported in January 2019. According to a video shared via this channel, the platform seeks an interactive environment, crop management, knowledge, eliminating red tape, anticipating trends and, above all, integrating the entire organization. For interviewee 5, the application is "to have more contact and understand the need for one and the other to seek improvements." Simons (1990) explains that a budget managed in this manner facilitates exchanges between managers at all levels, including top management. This exchange of information and knowledge is intended to discuss the risks inherent to the field and explore opportunities for entrepreneurship and innovation to mitigate these risks.

Based on the reports, we found that the interviewees were concerned with strategic risks, especially that of accounts receivable, competition and climate: "the greatest risk is that of receiving, [...] last year we went unpaid and had to increase our indebtedness," emphasizes interviewee 5. Additionally, also in agreement, interviewees 1, 5, 6, 7 and 8 added that the climate issue is problematic as it can affect the receipt of sales. This scenario highlights a heightened awareness of risk and is reflected in the actions chosen to address it (Braumann, 2018).

Under these circumstances, the organization takes creative measures to mitigate the effects. For instance, interviewee 1 highlighted the importance of meetings between management and the board for discussion. In one such meeting, a unit manager explained a partnership with a financial cooperative designed to address resource shortfalls and ensure payment, a strategy now being discussed in other units. In an internal report, the manager of Unit *x* recommended maintaining a close relationship with customers to ensure that Product *y* is being used correctly. The report noted that improper use could result in poor harvests, preventing the producer from making payments, and thereby hindering the achievement of established goals.

In addition to this monitoring, the external salesperson was trained to act as a consultant. After the training program, it was defined that this person would serve according to the customers' profile, as shown by interviewee 3: "[...] sales consultant according to the customers' profile. We have clients who move faster, so we offer a faster consultant." These measures aimed to meet the recommendations to be close to the customer, as well as to deal with the competition that, according to interviewee 7, "[...] there are companies which are crazy to sell without margin, which takes space in the market."

Another significant operational risk is the impact of climate, as previously mentioned. During a visit to the headquarters, it was observed that employee morale improved following intense rainfall. Interviewee 5 noted that "rain provides lightness to the work environment." This can be attributed to the fact that "climatic events impact the organization's costs and receipts," as emphasized by interviewee 2. However, no effective control measures or creative solutions for

managing this risk were identified, as the organization is, according to interviewee 4, "an open industry," inherently exposed to environmental factors.

Based on the interviewees' reports and internal documents, the findings support Proposition 2. Additionally, the study provides empirical evidence that the interaction between dynamic capabilities (entrepreneurship and innovation) and strategic risks facilitates discussions that emphasize the value of budgetary dialogue. The organization actively manages business risks through ongoing dialogues, courses, and events, fostering new ideas and pursuing opportunities within acceptable boundaries (Laitinen *et al.*, 2016). These attributes were recognized in their roles of motivating, raising awareness, assigning responsibility, and communicating objectives and ideas, thereby creating internal pressure to develop ideas and creativity, which can lead to process innovation (Simons, 1995). In the observed circumstances, the budget plays a crucial role in fostering an environment that addresses strategic risks and enables the organization to find necessary solutions.

Synthesis of the analysis of the interface between budget utilities and dynamic capabilities (entrepreneurship and innovation) and strategic risks

According to reports, we observe the significance of strategic risks and budgetary considerations in stimulating entrepreneurship and innovation processes. The utility of the budget is noted for translating established objectives into actionable plans by allocating resources, with an emphasis on cost reduction and behavior management (Henri & Wouters, 2019). The reports indicate that the budget primarily focuses on achieving goals while also permitting the exploration of alternatives within the constraints of these goals to address the specific needs of each business unit.

Such alternatives seek to address problems arising from strategic risks, such as issues related to receipts and competition. By seeking solutions and striving to meet goals, the company innovates within its processes (Silva & Lavarda, 2020). For example, interviewee 3 pursued a partnership with a financial cooperative, and interviewee 7 established the Field Day event.

The budget, with this utility, plays an important role in the promotion of seeking to limit the effects of risks to the extent that it allows to undertake and innovate so that the organization remains competitive within its field of activity. Thus, results show consistency with the proposals of Henri and Wouters (2020), Yanishevskaya (2017), Laitinen *et al.*, (2016), Sales (2010), and Simons (1995).

Regarding the budgetary utility of dialogue, it is observed that it fosters discussions across all hierarchical levels. For example, an email from Interviewee 8 scheduled a meeting to address internal demands of each unit and the organization. During one such meeting, risks such as limited resources, prospecting challenges, and issues with customer account receivables were discussed. The innovation of the Field Day event from Unit X was proposed as a potential solution for all units.

We observe that the organization shapes and adapts to its environment by providing training, meetings, events, and an internal application. This evidence of information and knowledge sharing indicates that there is ongoing discussion around the budget, risk management, and finding appropriate measures (Laitinen *et al.*, 2016; Widener, 2007). As a result, creative alternatives are developed and assimilated through organizational learning, courses, group events, and individual experiences within each unit (Cools *et al.*, 2017; Simons, 1995; Muller-Stewens *et al.*, 2020).

In addition, it is noted that managers perceive autonomy along with responsibility and awareness regarding the budget allocated to their unit, as highlighted by interviewees 2, 3, 4, 5, 6, and 8. This autonomy is exemplified by Unit X's pursuit of an alternative through a financial cooperative and the creation of the Field Day event. However, no creative alternatives were observed to address the risk of climatic events, which affects the organization's budget. Thus, the results were consistent with the literature by Muller-Stewens *et al.* (2020), Laitinen *et al.* (2016), Henri (2006), and Simons (1995).

Final considerations

This study was aimed at understanding how budget utilization intersects with strategic risks and dynamic capabilities, specifically innovation and entrepreneurship, within a Brazilian agribusiness company. The research employs a case study approach, focusing on a single case to provide evidence of the phenomenon within the agribusiness organization's context. Our analysis began with a thorough review of documents, field notes, and transcribed texts, which were categorized for systematic examination. We ensured that interview content aligned with study categories and discussed findings at various stages of the interpretive process and results analysis.

Our findings indicate that the budget primarily focuses on achieving goals while allowing flexibility to explore alternatives within established limits to address unit-specific challenges, particularly those related to strategic risks. We infer that the interaction between dynamic capabilities (entrepreneurship and innovation) and strategic risks enhances discussions aimed at optimizing budgetary planning. Additionally, the budget functions as an interactive platform, facilitating the exchange of information and experiences, and enabling innovative approaches to managing strategic risks, such as developing digital platforms and organizing field day events.

Theoretical and practical implications

This study has several implications for the literature by empirically demonstrating that the budget serves multiple functions within the organization. The research reveals that the budget possesses both diagnostic and interactive characteristics. It helps in managing strategic risks, facilitates discussions among managers, and enables the selection of actions necessary for growth

and maintaining competitiveness. Consequently, the budget should be considered in discussions involving dynamic entrepreneurship capabilities, innovation, and strategic risks.

Practically, the study offers valuable insights into the management process of a Brazilian agribusiness organization. The business budget and its various utilities provide essential information for controlling strategic risks while fostering entrepreneurship and innovation, which are crucial for competitive advantage. This evidence underscores the diverse roles of the budget in an organization, including goal induction, strategic risk control, alignment of employee behavior, and the discussion and motivation of new ideas and opportunities within acceptable boundaries.

Limitations and recommendations for future research

The limitations of this research present opportunities for further studies on the subject. Notably, the managers of three units declined to participate in the case study, which partially limits the results by missing additional perspectives that could have enriched the discussion. Additionally, most access to documents (such as financial data and email exchanges) was restricted to the duration of the interviews, with no permission granted for post-interview access. Furthermore, the case study method, particularly focusing on a single case, involves a degree of subjectivity in evidence analysis and does not permit statistical generalization of the results.

We emphasize the challenge of selecting another case with unique characteristics for this study, which could contribute to identifying similarities and differences compared to the current case. This suggestion could serve as a basis for replication in future studies, including longitudinal research. Furthermore, the consideration of budget utilities proposed by Ekholm and Wallin (2011) is rooted in previous empirical findings, with additional theoretical and empirical frameworks available for exploration, such as those discussed by Hansen and Van der Stede (2004) and Sivabalan *et al.* (2009). Finally, we propose the formulation of a model that links budget utilities to their impact on dependent variables.

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