

Impact of firm-level factors and government business support on the performance of agri-food firms

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Abstract

Agri-food firms play a crucial role in the economy by reducing post-harvest losses, creating employment, and contributing to the national gross domestic product. However, the majority often face numerous internal and external factors that hinder their survival and performance, leaving them unable to sustain their operations. This cross-sectional study examines the impact of firm-level factors and government business support on the performance of 391 Tanzanian micro and small agri-food processing firms obtained through convenience and snowballing sampling approaches. Resource-based view and institutional support theories were employed to understand the impact of firm-specific characteristics (age, size, location), managerial characteristics (manager age), and government support (financial and non-financial) on firm performance. Results from the linear regression analysis indicate that firm age, firm location, manager age, and government non-financial support are positively and significantly associated with firm performance. Perceived financial support is insignificantly associated with a decline in firm performance, while firm size is insignificantly associated with an increase in firm performance. Furthermore, older urban firms that have received non-financial support and are managed by older managers are likely to perform better than their counterparts. The study contributes to the limited literature on the combined effect of firm-level factors and government support on the performance of micro and small firms in developing countries and offers helpful recommendations for managers, policymakers, and other interested stakeholders.

Keywords: cross-sectional, financial, institutional, micro and small, resource-based