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Relationship Between Budget Utilities and Organizational Performance Mediated by Dynamic Capabilities

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Abstract

Objetivo: Resource-based Theory (RBT) understands that management control, like the corporate budget, is used as a resource to influence the employee to implement the strategy, which leads to higher performance. This study aims to analyze the relationship between the level of utility of the budget and organizational performance, mediated by the dynamic capacities of entrepreneurship, innovation, organizational learning and market orientation.

Method: A survey was carried out with 200 middle- and high-level managers from the agribusiness organizations that produce grain in Brazil. Structural equation modeling was applied to the collected data, using the Partial Least Square (PLS).

Findings: The results suggest that planning and dialogue budget utilities influence dynamic capabilities. In relation to the mediation test, it was found that dynamic capabilities mediated the relationship between the level of budget utility and organizational performance.

Contributions: It has been empirically demonstrated that the budget has multiple uses. From this, other priorities can emerge, such as the induction of goals, the instigation of creativity, entrepreneurship and organizational learning, which are a source of competitive advantage as an implication in the practical field, evidence from empirical research can contribute to raising discussions such as the Budget can help agribusiness managers and directors to better understand their role beyond traditional utilities and that have a broader scope.

Keywords: Business Budget. Organizational performance. Dynamic Capabilities. Agribusiness.

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Introduction

The budget is a fundamental control of organizations (Artz & Arnold, 2018). In this way, it has different uses that relate to various phases of the management process (Dal Magro & Lavarda, 2015). These utilities are described for planning (planning, coordination, resource allocation and determination of operational volumes) and dialogue (communication, awareness creation and motivation), as presented by Ekholm and Wallin (2011). Thus, the budget encompasses utilities that seek control to achieve the goal, as well as the search for new opportunities (Müller-Stewens et al., 2020).

The Resource-based Theory (RBT) understands that the components of managerial control, such as the corporate budget, are used to influence the employee to implement the strategy (Henri, 2006), which leads to superior performance (Zehir et al., 2016). However, the effects of the budget on performance will depend on how it is used (Laitinen et al., 2016). For RBT, dynamic capabilities improve the relationship between the complementary resource (budget) and organizational performance (Barney, 1991).

In the daily lives of organizations, there are always new technologies, changes in the market, customers and suppliers, as well as crises. The dynamic capabilities of innovation, entrepreneurship, organizational learning and market orientation are recognized as capabilities to achieve advantage and improve the relationship between complementary resource and organizational performance (Rehman et al., 2019; Henri, 2006).

There are several challenges for agribusiness organizations, such as inadequate technical and technological equipment, low purchase price, high degree of risk in agricultural subsidies, buyer monopoly, weather events, changes in legal regulations etc. (Sachitra & Chong, 2018; Savic et al., 2016). This requires that they seek to undertake, seek learning and develop knowledge (Läpple et al., 2015).

Traditionally, the budget is used only as a utility, in an isolated, non-interconnected way (Mucci et. al., 2016) and positioned as a cybernetic control (Henri & Wouters, 2019). The studies that investigated this theme only considered the usefulness of the budget in performance evaluation, as Rehman et al. (2019), Oyadomari et al. (2011) and Henri (2006), in their relationship with performance mediated by dynamic capabilities.

This investigation seeks to fill this gap, which demonstrates that other potentialities can be explored (Mucci et al., 2016). The article aims to analyze the relationship between the level of budget utility and organizational performance, mediated by the dynamic capabilities of entrepreneurship, innovation, organizational learning and market orientation.

The investigation contributes to the academic discussion by demonstrating that the budget can have multiple uses. By understanding the budget in this way, other priorities may emerge, such as inducing goals, instigating creativity, entrepreneurship and organizational learning, which are sources of competitive advantage (Chenhall & Moers, 2015; Simons, 1995).

The discussions raised can help agribusiness managers and directors to better understand the role of the budget beyond traditional utilities (Artz & Arnold, 2018). It is seen, from the point of view of the literature and based on this investigation, that the level of budget utility has an effect on organizational performance, and the dynamic capabilities of entrepreneurship, innovation, organizational learning and market orientation improve such a relationship.

2 Theoretical Basis

2.1 Resource-Based Theory (RBT)

RBT proposes that the organization's internal resources are sources of competitive advantages (Barney et al., 2021). The fundamental unit of analysis consists of the dynamic resources and capabilities controlled by the organization, which include all attributes, whether tangible or intangible, that enable it to define and implement the strategy (Barney, 1991).

Resources need to be reconfigured as the organization interacts with the external environment (Laaksonen & Peltoniemi, 2018). The RBT is based on the economic perspective and suggests that the performance of the organization is a utility of the types of resources and dynamic capacities that they control, in which components of the managerial control, such as the budget, are relevant to organize and make the most of the potential of these resources and capabilities (Barney & Hesterly, 2004).

Barney and Hesterly (2004) show that the role of the budget is to organize resources with the intention of influencing the employee to implement the strategic objectives. RBT

considers the organization's resources and capabilities as the key to superior organizational performance (Barney et al., 2021). Performance becomes a significant indicator in achieving goals (Rehman et al., 2019).

Henri (2006) explains that innovation, organizational learning, market orientation and entrepreneurship are recognized as primary capabilities to achieve competitive advantage in order to respond and create changes in the market. Capabilities are considered as a type of resource that derives from organizational processes and routines, from collective efforts and strategies by which firms achieve new configurations of resources as the market emerges, collides, divides, evolves and dies (Garrido et al., 2020).

2.2 Development of Hypotheses

The budget should be associated with aspects such as: forecasting, efficiency, short-term goals orientation, contribution to creativity, transparency, learning, innovation and adaptability (Abernethy & Brownell, 1999). In the organizational tension inherent to the search for innovation and the achievement of goals, the utilities of the planning budget support the achievement of defined goals. In its diagnostic aspect, it is described as a negative force that creates restrictions and guarantees compliance with requests, which restricts innovation and the search for new opportunities to guarantee the attainment of necessary goals for the intended strategy (Simons, 1995).

Managers need to be encouraged to identify defined areas within which a degree of experimentation and risk-taking can be beneficial. Too much creativity and learning are stifled by insisting on the good performance of all activities (Otley, 1994).

Budget utilities are used to signal when productivity and efficiency have dropped and when innovation needs to be curbed (Laitinen et al., 2016). The literature attests that limits (caused by predefined goals and scarce resources, for example) in the budget can stimulate creativity (Frezatti et al., 2022; Speklé et al., 2017; Cools et al., 2017). It is suggested that it can also influence the organization's ability to learn, its market orientation, ability to undertake and innovate.

Chen (2017) states that setting goals can encourage problem solving and experimentation. Grabner and Speckbacher (2016) understand that predefined objectives are used in performance evaluation in creative environments. Working towards the goal offers autonomy to promote the team's creativity, developing innovative solutions to ensure organizational perpetuity (Cools et al., 2017). This becomes necessary when recognizing that the agribusiness organization is concerned with competitiveness, cost reduction, improving the quality of products and services for customers and the efficient use of consumed energy (Dokić et al., 2019).

In this context, the following hypothesis is proposed:

H1 – The level of budget utility, added to planning, is positively related to the dynamic capacities of organizational learning, market orientation, entrepreneurship and innovation.

Dynamic capabilities lead to changes in product design (Henri, 2006). This context requires the employment of specialists in the process of creating and implementing new product designs (Burns & Stalkers, 1961). Under these circumstances, there is pressure imposed on the capacity to process information, requiring greater interaction between top management and other levels of the organization to increase the flow of information (Galbraith, 1973). By providing an agenda and forum for debate and face-to-face dialogue, the interactive aspect allows top management to send signals that encourage their preferences, goals and objectives (Mucci et al., 2016).

The utilities of the dialogue budget contribute to expanding the organization's information processing capacity and promote interaction between organizational actors (Abernethy & Brownell, 1999). The budget allows for the exchange of information in an environment where individuals are encouraged to challenge the status quo, participate in debates and dialogues, and find creative and innovative solutions (Speklé et al., 2017).

Muller-Stewens et al. (2020) explain that this form of condition ensures that top management information and concerns are shared vertically. Communicating strategic uncertainties in a vertical manner throughout the organization can provide greater focus on experimentation and learning (Speklé et al., 2017). Laitinen et al., (2016) understand that this use of the dialogue budget is essential to explore and seek opportunities. This context is important when considering that agribusiness organizations need knowledge to achieve technical efficiency, obtain agricultural production practices and for technological development (Haryanto et al., 2015).

Consequently, the following hypothesis is proposed:

H2 – The level of budget utility, aggregated in the dialogue, is positively related to the dynamic capabilities of organizational learning, market orientation, entrepreneurship and innovation.

In recent years, agricultural organizations have been forced to adapt to new challenges, such as market changes, changes in consumption habits, food safety, sustainability and biotechnology (Lans et al., 2017). Agribusiness managers need to be aware of the importance of dynamic capabilities, especially innovation and entrepreneurship, to deal with the dynamism of the environment, which underlies organizational performance (Chege & Wang, 2020).

The budget's utilities, as complementary resources, are expected to provide a suitable scenario for market orientation, entrepreneurship, innovation and organizational learning capabilities, which favors greater organizational performance (Laitinen et al., 2016). These capabilities play an important role in improving the relationship between managerial control and organizational performance, which increases performance (Barney, 1991).

Rehman et al. (2019) found that dynamic capabilities improve the relationship between cyber control and financial performance in the textile sector. Henri (2006) and Oyadomari et al. (2011) found no empirical support for this relationship. This may have been caused by the restricted scope of the organizational performance variable, limited only to the financial dimension (Henri, 2006), in which non-monetary indicators can better reflect performance (Rehman et al., 2019).

Vomberg and Homburg (2020) explain the distinction between market and financial performance. The former defines it as a result of the effectiveness of an organization's marketing activities, as measured by criteria such as customer satisfaction, providing value to customers, attracting customers and gaining market share. As for financial performance, they explain that it is focused on profitability, growth and the revenue generated.

It is suggested that dynamic capabilities activate other dimensions of performance, such as market and new product development, customer satisfaction and market share (Henri, 2006). In the utility of the planning budget, the budget provides the backdrop for achieving goals and discussing projects (Laitinen et al., 2016). In dialogue, it provides interaction between hierarchical levels, which allows the debate of ideas (Simons, 1995).

Both, as a result, and along with dynamic capabilities, lead the organization to achieve superior performance (Rehman et al., 2019; Barney, 1991). Davis and Bendickson (2020) explain that there may be differences according to the size of the organization. It is worth mentioning that the agricultural sector is mainly composed of small and medium-sized organizations (Pindado & Sánchez, 2017).

In this context, the following hypotheses are proposed:

H3 – The level of budget utility, aggregated in planning, is positively related to organizational performance, when mediated by dynamic capabilities.

H4 - The level of budget utility, aggregated in the dialogue, is positively related to organizational performance, when mediated by dynamic capabilities.

It is observed that the level of utility of the budget (planning and dialogue) is related to the dynamic capabilities of entrepreneurship, innovation, organizational learning and market orientation, and, subsequently, is also related to organizational performance. The confirmation of the hypotheses, therefore, indicates that budget utilities are related to organizational performance and dynamic capabilities favor this relationship.

3 Methodological Trajectory

The investigation is characterized as descriptive in terms of objective, survey in terms of procedures and quantitative in terms of the research problem. A questionnaire was applied to managers of 430 organizations linked to the Brazilian Association of Agribusiness (ABG), the Brazilian Association of Food Industries (ABIA), the Brazilian Association of the Wheat Industry (ABITRIGO), the Brazilian Association of Corn Producers (ABRAMILHO), the Brazilian Association of Soy Seed Producers (ABRASS), the Brazilian Association of Cassava Starch Producers (ABAM), and COCAMAR Cooperativa Agroindustrial.

The choice for agribusiness was due to its importance in the Brazilian economy and its connection to innovation and organizational learning in processes. For the Ministry of Agriculture, Livestock and Food Supply (MAPA), agribusiness represented 21.46% of the national Gross Domestic Product (GDP) in 2018 (MAPA, 2019). Grains, soybeans and corn witnessed rapid growth in production and productivity, given by geographic expansion in the Midwest region of the country and the adoption and diffusion of innovations (Borlachenco & Gonçalves, 2017).

The data of these organizations were found through the website of each association. A total of 200 final responses were obtained from middle and high-level managers. This number of responses makes it possible to carry out the expected statistical procedures, as it satisfies the effect size criteria (average effect of 0.15); the significance level of $\alpha = 5\%$; and sample power of $(1- \beta = 0.8)$, attested by G*power (Faul et al., 2009).

Most respondents are male (67%), aged between 31 and 40 years (49%), have a higher education degree (86%) and work as a manager (61%) and as a director (39%). As for organizations, it is observed that 42% have revenues greater than R$ 4.8 million, 32% greater than R$ 300 million, 16% have up to 360 thousand and 10% between 300 thousand and 4.8 million; 36% have between 100 and 499 employees, 28% between 11 and 99, 14% between 500 and 99, 14% between 1000 and 4999, 7% between 5000 and 10000 and 2% with up to 10 employees; and 92% prepare the budget annually, 8% flexibly; 55% have only 5 departments, 41% have 6 to 10 and 5% have 11 to 15 departments.

This research was approved by the Ethics Committee for Research with Human Beings of the Federal University of Grande Dourados (CEP/UFGD), with the Certificate of Presentation for Ethical Appreciation - CAAE no. 29468620.2.0000.5160. Data collection for this investigation was carried out by the Center for Studies and Research in Administration (CEPA), an agency linked to the School of Administration of the Federal University of Rio Grande do Sul (EA/UFRGS). The research instrument was applied by three interviewers, by telephone, during the month of April 2020.

In order to verify the reliability of the data collection, the research institute provided a list with the phone numbers called and e-mail, which provided the possibility of checking the veracity of the calls. With the collected data in possession, the tabulation and analysis of the data were then carried out.

The research instrument (Appendix A) consists of four blocks with 40 questions. The first block covers the constructs of budget utilities, with questions applied by Ekholm and Wallin (2011). The authors divided it into 11 items and two variables entitled planning and dialogue. This study was based on the utilities presented by Ax and Kullven (2005). To have an indication of the empirical scope of budget utilities, factor analysis was applied (Principal Components and Varimax Rotation).

The utilities were removed from the analysis due to the lack of alignment with what was proposed by Ax and Kullven (2005) and also because of the factorial of the study by Ekholm and Wallin (2011). The factors, which were formed by factor analysis, were introduced into the structural equation model, with factor 1 being titled Planning, and factor 2 Dialogue. These factors (planning and dialogue) will form the study's first-order construct.

The second block covers the Dynamic Capabilities with questions constituted by Narver and Slater (1990), Naman and Slevin (1993) tested by Henri (2006), Widener (2007), Oyadomari et al. (2011) and Rehman et al. (2019), Henri and Wouters (2019) and Müller-Stewens et al. (2020). From the questions, each dynamic capability was formed as a first-order construct. The Dynamic Capabilities construct is characterized as second-order. As a second-order construct, in the block covering organizational performance, a self-assessment was sought.

In financial performance, the questions used were applied by Henri (2006) and tested by Oyadomari et al., (2011), Laitinen et al. (2016). In market performance, questions applied by Bisbe and Otley (2004) were applied and tested by Laitinen et al. (2016). Organizational performance was divided into two forms of self-assessment.

The respondent points out the importance of the indicators (financial and market) for his organization and then compares the performance with that of the competition. As a first order construct, financial performance was formed by sales volume, return on investment and profit. Market performance, a first-order construct, was composed of increased market share, customer satisfaction, customer loyalty, and acquisition of new customers. In the last block, questions that address the characterization of respondents and organizations.

The constructs were treated in a unidimensional way, with internal consistency validated by confirmatory factor analysis. The technique of Structural Equation Modeling (SEM) was applied, suitable for understanding complex relationships (Hair et al., 2009). The parameters of these relationships indicate the effect of the independent variables on the dependent variables (Marôco, 2010).

Data reliability was also calculated, using three different techniques: Cronbach's Alpha (CA), Composite Reliability (CR) and Average Variance Extracted (AVE). Cronbach's Alpha considers values closer to 1 as an indicator of greater reliability (Cronbach, 1951), with values greater than 0.7 being accepted. Hair et al. (2009) explain

that Cronbach's Alpha does not consider errors in the indicators, and for this reason, it is necessary to use Composite Reliability (CR). Composite Reliability also accepts values greater than 0.7 and measures the internal consistency of items, while Average Variance Extracted refers to the general amount of variance in the indicators and suggests values above 0.5 (Hair et al., 2005).

The Discriminant Validity Test (HTMT) was performed, which provides evidence that a construct is unique and that it captures phenomena that other measures disregarded. Discriminant Validity also means that individual measured items must present only one latent construct (Hair et al., 2009). The method suggested by Fornell and Larcker (1981) was adopted, as it compares the percentage of variance extracted for any two constructs with the squared estimate of the correlation between these constructs. The variance estimates must be greater than the quadratic correlation estimate.

With data from the variables (exogenous and endogenous) from the same source (same respondent, response format, collection method and at the same time), the Harman test was performed, as pondered by Mackenzie and Podsakoff, (2012). In this method, the structural model (relationships between latent variables) and the measurement model (relationships between indicators and latent variables) are disregarded, which estimates the Exploratory Factor Analysis (EFA) with all items in the same analysis and which employs the unrotated principal components method (Bido et al., 2018).

The method considers the existence of bias when the solution results in a single extracted factor or a single factor extracts most of the variance from the set of variables (Podsakoff et al., 2003).

4 Analysis and Discussion of Results

4.1 Analysis of Results

A factorial analysis was developed, followed by SEM analyses using the Partial Least Squares model (PLS-PM) and, additionally, Multigroup Analysis procedures (PLS-MGA). For the analysis, SPSS® software (Statistical Package for the Social Sciences) and Smart-PLS were used. Individually, Exploratory Factor Analysis (EFA) was performed with Varimax rotation, the Kaiser-Meyer-Olkin (KMO) test and Barlett's Sphericity, which follows the recommendations by Hair et al. (2016) and Fávero and Fávero (2017).

The Harman Test indicated that there was no evidence of bias in the method, based on the single-factor test, in which the first factor had a total explained variance of less than 0.5. In a primary way, Factor Analysis was applied to have an indication of the budget utilities, which happened in the factors presented in Table 3. The KMO tests with a result of 0.783 and the Bartlett Sphericity sig at 0.000, indicated adequate adjustments.

After complying with the criteria, there are two dimensions: the first formed by U1, U2, U3, U4; and the second dimension formed by U5, U7, U8, U9, U10 and U11. Under these circumstances, the dimensions were titled Planning (dimension 1) and Dialogue (dimension 2). It is worth mentioning that the correlation coefficient did not make it possible to define the dimension of the U6 due to the proximity of the values. Thus, it is understood that the dimensions are aligned with what was proposed by the factorial of the study by Ekholm and Wallin (2011).

With these results in hand, the CFA and the Analysis by Structural Equation Modeling were performed. It was found that the values obtained for Planning, Market Orientation, Market Performance and Financial Performance were above the parameters predicted by the literature, as shown in Table 2. In the constructs Dialogue, Entrepreneurship, Innovation, Organizational Learning, adjustments were necessary, since they did not reach the minimum adjustment measures for CA, CR and AVE.

Thus, two variables were removed from the Dialogue, which were: to function as a basis for compensation and bonus systems (U11) and staff motivation (U10); one from Entrepreneurship, which was: there is caution in exploring new ideas (EMP4); two from Innovation, which were: managers of unsuccessful projects are liable to be penalized (INOV3) and there is resistance to innovation, when it is perceived as risky (INOV4); and one from Organizational Learning, which was the variable: divergent views on situations (AO4).

In this context, the reliability indices of the measurement model presented the results after the modifications. It is noteworthy that Hair et al. (2009) indicate that Conbrach's Alpha (CA) does not consider errors in the indicators, thus becoming useful for Composite Reliability (CR) and Average Variance Extracted (AVE).

The next step was the analysis of the discriminant validity, which was verified using the middle matrix of the matrix of Fornell and Lacker (1981) and the cross loads of Chin (1998). The summary of the validity and reliability of the constructs when considering the first and second order

according to the objective of this study are presented in Table 3.

Satisfactory results occur when the values of the square roots of the variances are greater than the Pearson correlations, which reflects in higher values that confirm the Reliability Indicator and the validity of the model constructions (Ringle et al., 2014). The results met the criteria established in the literature. It is noteworthy that the Heterotrait-Monotrait criterion was used for discriminant analysis. In this sense, the values were below 0.90, which concludes that the discriminant analysis was established by the constructs.

Table 1: Analysis of factor analysis coefficients

Dimension	U1	U2	U3	U4	U5	U6	U7	U8	U9	U10	U11
Planning	0,755	0,833	0,794	0,636	0,291	0, 427	0,234	0,168	0,280	0,305	0,254
Dialogue	0,188	0,174	0,108	0,305	0,600	0,429	0,569	0,601	0,662	0,575	0,565

Caption: U1 – Planning linked to the strategy; U2 – Coordination of the units; U3 – Allocation of resources to the units; U4 – Determination of operating volumes; U5 – Attribution of responsibility; U6 – Follow-up to facilitate quick corrections; U7 – Communication of objectives and ideas; U8 – Create awareness of what is important to achieve; U9 – Operationalization of objectives; U10 – Staff motivation; U11 – Work as a basis for compensation and bonus systems.
Research data (2022).

Table 2: Índices de confiabilidade do modelo de mensuração

Adjustment measures	UP	UD	EMP	INOV	OM	AO	DFI	DMI	DFC	DMC
AC - > 0,60	0.809	0.690	0.722	0.624	0.779	0.579	0.814	0.886	0.817	0.862
CC - >0,70	0.871	0.789	0.818	0.799	0.851	0.780	0.886	0.921	0.891	0.906
AVE - > 0,50	0.631	0.523	0.529	0.574	0.535	0.543	0.722	0.743	0.732	0.706

Caption: U1 – Usefulness; OA – Organizational Learning; OM – Market Orientation; INOV – Innovation; EMP – Entrepreneurship; DFI – Financial Performance Importance; DFC – Financial Performance Comparative to the Competitor; DMI – Market Performance Importance; DME – Market Performance Comparative to the Competitor.
Research data (2022).

Table 3
Discriminant validity by the criteria of Fornell and Larcker (1981)

Dimensions	AO	Dialogue	EMP	DFE	DFI	INOV	DMC	DMI	OM	Planning
AO	0,737									
Dialogue	0,34	0,72								
EMP	0,252	0,242	0,733							
DFC	0,302	0,207	0,38	0,855						
DFI	0,317	0,289	0,22	0,249	0,849					
INOV	0,158	0,266	0,37	0,231	0,089	0,759				
DMC	0,305	0,175	0,365	0,684	0,22	0,25	0,841			
DMI	0,339	0,229	0,33	0,297	0,374	0,185	0,329	0,862		
OM	0,509	0,34	0,395	0,417	0,309	0,234	0,349	0,388	0,732	
Planning	0,387	0,518	0,177	0,229	0,136	0,261	0,171	0,033	0,322	0,747

Caption: U1 – Usefulness; OA – Organizational Learning; OM – Market Orientation; INOV – Innovation; EMP – Entrepreneurship; DFI – Financial Performance Importance; DFC – Financial Performance Comparative to the Competitor; DMI – Market Performance Importance; DME – Market Performance Comparative to the Competitor.
Research data (2022).

The Student's T-Test was performed for each assertion, with the parameter value greater than and equal to 1.96. In addition, the p-value was observed showing values lower than 0.05. All assertions presented values supported by the literature. The next step corresponds to the evaluation of Student's T-Test values and the p-value for the relationship between the constructs, as shown in Table 4.

Table 4
Standardized coefficients and significance indices

Structural Paths	Coef (β)	T-Value	P-Value	Hypothesis
Planning -> Dynamic Capabilities	0.248	2.962	**0.003**	H1
Dialogue -> Dynamic Capabilities	0.267	3.051	**0.002**	H2
Planning -> Organizational Performance (Importance of indicators)	-0.217	2.367	**0.009**	
Planning -> Organizational Performance (comparison to competitors)	0.033	0.413	0.680	
Planning -> Dynamic Capabilities -> Organizational Performance (Importance of indicators)	0.109	2.480	**0.013**	H3
Planning -> Dynamic Capabilities -> Organizational Performance (Comparison to competitors)	0.115	2.578	**0.010**	
Dialogue -> Organizational Performance (Importance of indicators)	0.246	3.285	**0.001**	
Dialogue -> Organizational Performance (Comparison to competitors)	0.005	0.066	0.947	
Dialogue -> Dynamic Capabilities -> Organizational Performance (Importance of indicators)	0.118	2.824	**0.005**	H4
Dialogue -> Dynamic Capabilities -> Organizational Performance (Comparison to competitors)	0.124	2.848	**0.005**	

Research data (2022).

The results of the Student's T-Test demonstrate that there is relevance in the relationships and correlations. It was also identified that all relationships maintained between the parameters indicated in the literature, which allows support for the hypotheses measured in these relationships (H1, H2, H3 and H4).

The theoretical model discussed in this study reflects two characteristics that must be considered and that were explained by Henri (2006). The first characteristic is that the theoretical model has multiple and interrelated dependency relationships. The second is that there are latent variables that cannot be directly observed. This explains the criterion of using the second-order model for dynamic capabilities (Henri, 2006).

The standardized factor loadings and the R^2 were analyzed for the proposed model. The model variables portray a moderate effect (Dynamic Capabilities = 20.1%, Organizational Learning = 48.3%, Entrepreneurship = 27.2%, Innovation = 44.0%, Organizational Performance II (Importance of Indicators) = 25,8% and Organizational Performance CC (Comparison to Competitors) = 23.0%), medium (Market Orientation = 74.9% and Financial Performance II = 54.4%) and large (Market Performance II = 80. 9%, Financial Performance CC = 80.2% and Market Performance CC = 88.0%).

As for the first hypothesis raised, there was a positive relationship between budget planning utilities and dynamic capabilities. Thus, H1 – The level of budget utility, grouped in planning, is positively related to dynamic capabilities, having been supported by the statistical model.

The relationship between the utilities of the dialogue budget and the dynamic capabilities, tested using H2 – The level of budget utility, grouped in the dialog, is positively related to the dynamic capabilities, was supported by the statistical model. Standardized loads were greater than 0.60. Thus, the results are consistent with the literature studied.

It appears that the utilities of the dialogue budget affect the dynamic capabilities of the investigated agribusiness organizations. In this sense, they contribute to help the information processing capacity and promote interaction between the different actors in the organization, enabling discussion, dialogue and the search for new opportunities (Simons, 1995). It is worth noting that the utility of the dialogue budget (β = 0.270) has a greater influence on dynamic capabilities than the utility of the planning budget (β = 0.248).

In the last hypotheses, the following were tested: H3 - The level of budget utility, added in planning, which is positively related to organizational performance when mediated by dynamic capabilities, and H4 - The level of budget utility, added in dialogue, which is positively related to organizational performance when mediated by dynamic capabilities. The results support both hypotheses, with standardized loads greater than 0.60.

It was also evident that the organizational market performance is related to the business budget when mediated by dynamic capabilities. This result was suggested by investigations by Henri (2006), Oyadomari et al. (2011) and Rehman et al. (2019). Thus, it appears that market performance is essential for organizations to improve their long-term performance (Rehman et al., 2018). It is noteworthy that the results were significant both for the importance that the manager and director give to the indicators, as well as when comparing the performance of their unit and/or organization with that of the competition.

This study tested, in a complementary way, whether there is a difference in the results in the relationship between budget utilities in dynamic capabilities and organizational performance. They were divided into two groups, small and medium organizations, group 1, with 136 respondents, and large organizations, group 2, with 64 respondents. This verification of statistically significant differences in the subgroups was based on the multigroup analysis procedures (PLS-MGA). Sarstedt et al. (2011) explain that this type of analysis is appropriate because the subgroups are of substantially different sizes.

Before going on with this procedure, it was verified whether

the different populations perceive the surveyed dimensions in the same way, according to the invariance analysis performed (Henseler et al., 2016). The dimensions tested were based on the three-step method (Henseler et al., 2016). The results reflect the perception of the analyzed groups, which verified that the organizations, within the same group, are not internally homogeneous.

After discussing the budget periods, Table 5 presents the results for the different sizes of organizations.

Table 5: Standardized coefficients and significance: Difference between organization size

Structural Path	Path Coefficients		Path Coefficients PM (-) G Difference	P-Values PM (-) G Difference
	PM (136)	G (64)		
Planning -> Dynamic Capabilities	0.375	0.278	0.097	**0.019**
Dialogue -> Dynamic Capabilities	0.232	0.292	0.06	0.123
Planning -> Dynamic Capabilities -> Organizational Performance (Importance of indicators)	0.120	0.120	0.00	0.087
Planning -> Dynamic Capabilities -> Organizational Performance (Comparison to competitors)	0.140	0.084	0.056	0.278
Dialogue -> Dynamic Capabilities -> Organizational Performance (Importance of indicators)	0.125	0.079	0.046	0.316
Dialogue -> Dynamic Capabilities -> Organizational Performance (Comparison to competitors)	0.145	0.055	0.090	**0.040**

Research data (2022).

The results showed that there is a significant difference in the relationship between planning and dynamic capabilities and dialogue with organizational performance (compared to competitors) mediated by dynamic capabilities. The utility of the planning budget exerts a greater influence on dynamic capabilities in small and medium-sized organizations. Another finding concerns the usefulness of dialogue planning, which has a greater influence on organizational performance when mediated by dynamic capabilities also in small and medium-sized organizations.

The characteristic of the budget in smaller organizations indicates that it depends more on interpersonal control, less need for coordination associated with the scale of operations, greater consistency in messages and communication due to the smaller number of managers, which may reflect on the usefulness of the budget, dynamic capabilities and organizational performance.

Such circumstances can facilitate planning to achieve goals and support with dynamic capabilities with regard to learning, orienting to the market, undertaking and innovating within their possibilities. In addition, these circumstances also favor dialogue between different hierarchical levels and the search for new opportunities. In this regard, they allow the organization to seek alternatives, which culminates in superior performance when compared to its competitors.

4.2 Discussion of Results

The results show that, based on the agribusiness organizations studied, the utilities of the planning and dialogue budget influence the dynamic capabilities of organizational learning, market orientation, entrepreneurship and innovation (H1 and H2). In this sense, it can be concluded that the budget, with its utilities, plays the role of a complementary resource that organizes the organization's resources (Barney, 2011).

The results were partially different from those of Henri (2006), Oyadomari et al. (2011) and Rehman et al. (2019), as they found that the budget with the planning utility has a negative effect on dynamic capabilities. Peculiarity of agribusiness, such as input costs, learning capacity in relation to planting, land preparation and harvesting and management of agricultural processes (Sacritra & Chong, 2018), managers and directors may perceive that budget limits can stimulate organizational capacity to learn from their experiences and about customers, undertake and innovate.

The limits (restrictions/targets) of predefined goals, for example, help to structure the situation in such a condition that creative thinking becomes necessary, since standard solutions can no longer serve to meet the decision parameters (Speklé et al. al., 2017; Cools et al., 2017; Grabner & Speckbcher, 2016). Henri (2006) understands that these are capabilities to respond and create changes in the market.

The studied agribusiness organizations understand that the budget has a utility that provides a field for dialogue, with greater interaction between senior management and other levels, which increases the flow of information and exchange of ideas (Yanishevska, 2017). This can be explained by understanding that these organizations seek to undertake, renew machines, seek learning and develop knowledge (Lapple et al., 2015) due to challenges such as the buyer's monopoly, weather events, changes in legal regulations etc. (Sachitra et al., 2018).

In the dialogue utility, managers and directors realize that they can influence the behavior of employees, motivate them and improve organizational processes (Laitinen et al., 2016). The utilities discussed in this study provide a suitable environment for dynamic capabilities, which can lead to greater performance (Barney, 1991). It was evidenced, based on the studied organizations, that the level of utility of the budget, of planning and of dialogue is related, in a positive way, with the organizational performance when mediated by the dynamic capabilities (H3 and H4).

This result partially agrees with that of Rehman et al. (2019), and is not consistent with Henri (2006) and Oyadomari et al. (2011), as these studies found a relationship only with financial performance. Rehman et al. (2019) explain that dynamic capabilities improve the relationship between budget utilities and organizational performance. Budget utilities provide a situation that induces the ability to learn, market orientation, undertake and innovate, which influences greater financial and market organizational performance (Laitinen et al., 2016).

In financial performance, this relationship with planning utility is perceived when achieving short-term goals and eliminating unsatisfactory projects (Mucci et al., 2016). Dynamic capabilities are activated to deal with the scenario outlined by the agribusiness organization, which induces reflection, modification, learning, as well as undertaking and innovating in processes, which will be essential for achieving goals and improving performance (Ahmad & Muhammad, 2018).

In market performance, the relationship with planning utility is similarly discussed. That is, signaling goals, analyzing deviations and making corrections (Simons, 1995). However, this scenario is related to goals and projects regarding market share, satisfaction, acquisition and customer loyalty (Bisbe & Otley, 2004). Dynamic capabilities are activated in the search for creativity, innovation and, concomitantly, for the control and achievement of non-financial goals (Frezatti et al., 2022; Cools et al., 2017).

The dialogue utility allows interaction between hierarchical levels, raises discussion regarding the operational field, purchase of raw materials and research and development activities, which can increase financial performance (Laitinen et al., 2016). Dynamic capabilities are activated in this relationship with the learning accumulated through experiences and discussions about necessary changes to achieve strategic objectives (Simons, 1995).

In market performance, its relationship with the dialogue utility has the same aspect. In this context, the indicators are aimed at market share and the customer (Bisbe & Otley, 2004). Henri (2006) explains that dynamic capabilities are activated for market development, customer satisfaction, new product development and market share, which increases performance. In the context of agribusiness, it can be understood as essential to satisfactorily reflect the performance of the organization, in which it is affected by changes in business environments.

5 Conclusions

Results revealed that planning and dialogue budget utilities influence dynamic capabilities. The utility of the dialogue budget has a greater influence on dynamic capabilities than the utility of the planning budget. In turn, the utility of the planning budget has a greater influence on dynamic capabilities in small and medium-sized organizations. Regarding the mediation test, the results also revealed that dynamic capabilities mediated the relationship between the level of budget utility and organizational performance. The usefulness of the dialogue budget has a greater influence on organizational performance when mediated by dynamic capabilities also in small and medium-sized organizations.

This research generates implications in the literature by demonstrating, empirically, that the budget can have multiple uses within the organization. This denotes that the budget has characteristics for the search for efficiency and new opportunities, which is convergent with the generation of new ideas, the search for different ways of solving problems, the search for learning, as well as for achieving goals and control. Under this point, the budget favors superior organizational performance (Rehman et al., 2019; Yanishevska, 2017; Henri, 2006).

Practical implications of the study are observed when providing relevant information about the management process with a view to business continuity, since the corporate budget provides information that allows the coordination of activities, as pointed out by Müller-Stewens et al. (2020). Evidence from empirical research can contribute to raising discussions on how the budget can help agribusiness managers and directors to better understand their role beyond traditional utilities and which has a broader scope (Artz & Arnold, 2018).

The research is limited to reliance on the data obtained from the respondents' subjective assessments. It is noteworthy that the pandemic may have affected data collection, which took place in the first months of 2020 in Brazil and worldwide. The sample size can be weak in capturing the effects of budget utilities and their relationships. Another limitation stems from the examined budget utilities. The consideration of budget utilities proposed by Ekholm and Wallin (2011) is anchored by previous empirical findings, but there are other utilities in the theoretical-empirical field.

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Appendix A

Budget Utilities (Ax & Kullven, 2005; Ekholm & Wallin, 2011)

How useful do you find the budget for the following purposes? Scale: 1 (not at all helpful) to 7 (very helpful)

1) Planning linked to the company's strategies
2) Coordination of the company's units
3) Allocation of resources to the units
4) Determination of operating volumes
5) Assignment of responsibility
6) Follow up to facilitate quick fixes
7) Communication of objectives and ideas
8) Create awareness of what is important to achieve
9) Operationalization of objectives
10) Staff motivation
11) Work as a basis for compensation and bonus systems

Market orientation (Narver & Slater, 1990)

Review the statements below and tick how well they describe your organization. Scale: 1 (does not describe) to 7 (describes faithfully).

1) Customer needs;
2) Degree of customer satisfaction;
3) Analysis of competitors' strengths and weaknesses;
4) Shared customer information;
5) Add value to customers

Entrepreneurship (Naman & Slevin, 1993)

Review the statements below and tick how well they describe your organization. Scale: 1 (does not describe) to 7 (describes faithfully).

1) Seeks to be a pioneer in competitive actions;
2) Promotes changes in products and services;
3) Seeks to be a pioneer in the introduction of new products;
4) There is caution in exploring new ideas;
5) Natural tendency to invest in high-risk projects

Innovation (Burke, 1989)

Review the statements below and tick how well they describe your organization. Scale: 1 (does not describe) to 7 (describes faithfully).

1) Managers constantly seek innovation;
2) Technological innovation is easily accepted;
3) Managers of unsuccessful projects are subject to penalties;
4) There is resistance to innovation, it is perceived as risky;
5) Process innovation is readily accepted

Organizational Learning (Naman & Slevin, 1993; Hult, 1998)

Review the statements below and tick how well they describe your organization. Scale: 1 (does not describe) to 7 (describes faithfully).

1) Ability to learn;
2) Training expenses;
3) Shared knowledge;
4) Differing views on situations

Financial Performance (Henri, 2006)

Internal Assessment - Indicate, for each of the items below, its importance for the performance of your organization. Scale: 1 (none) to 7 (extreme)

External Assessment - Compared to competitors over the past 3 years, how is your organization performing? Scale: 1 (far below) to 7 (far above)

1) Sales Volume;
2) Profit;
3) Return on investment

Market Performance (Bisbe & Otley, 2004)

Internal Assessment - Indicate, for each of the items below, its importance for the performance of your organization. Scale: 1 (none) to 7 (extreme)

External Assessment - Compared to competitors over the past 3 years, how is your organization performing? Scale: 1 (far below) to 7 (far above)

1) Increased market share;
2) Customer satisfaction,
3) Customer loyalty;
4) Acquisition of new customers

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