

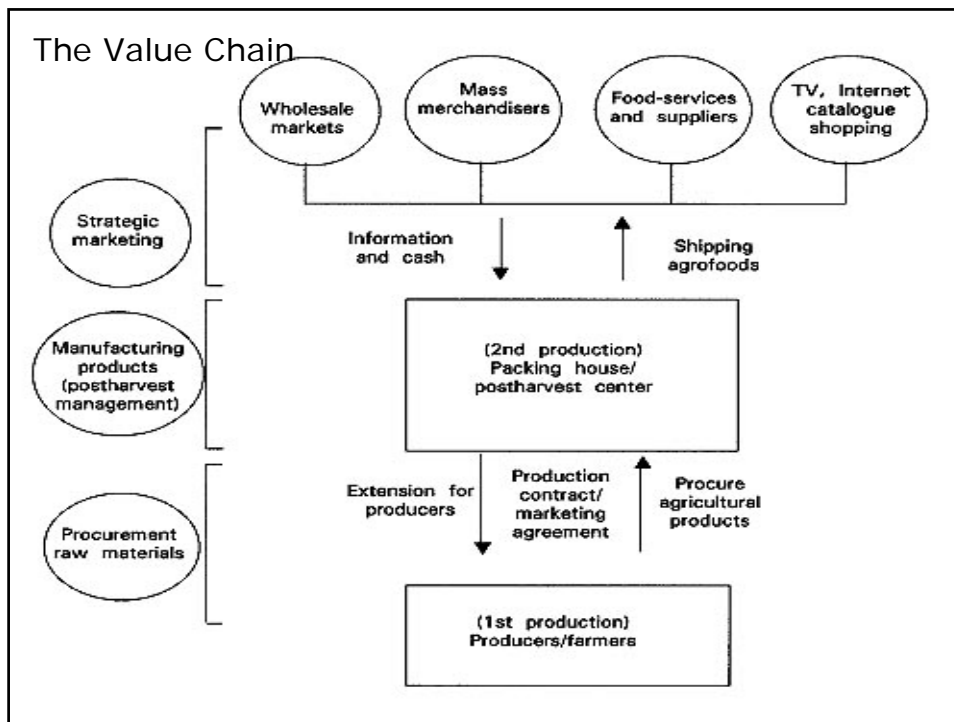
Human Resource Management in Agribusiness: Industry Perspective

The concept of **agribusiness**

The term agribusiness was first introduced by Davis & Goldberg in 1957. it represents a system made up of

- (1) the agricultural input sector
- (2) the production sector and
- (3) the processing-manufacturing sector.
- (4) output marketing

To capture the full meaning of the term "agribusiness" it is important to visualize all these sectors as interrelated parts of a system in which the success of each part depends heavily on the proper functioning of the rest..



The Journey since 1985

The observations...

The changes...

Then & Now...

Factors majorly contributing to the shift in the paradigm. There is a new kind of consumer, who differs in many ways from those of the past.

Globalisation of consumer tastes



Liberalisation of trade



Spread of Information Technology



Urbanisation



Industrialisation



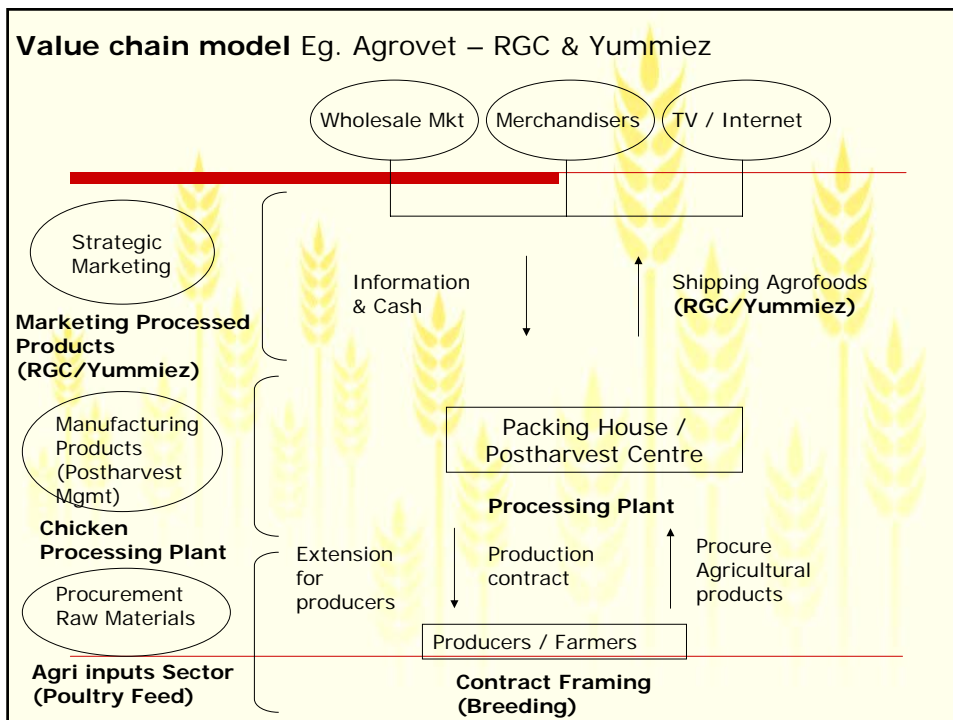
The aim is...

- ❑ enhancing the integration of production, packaging, transportation, storage & marketing of marketable commodities and value-added products
- ❑ from the farm through to the consumer and to support entrepreneurs
- ❑ in rural and semi-urban agribusiness development.

Therefore the need of management in Agribusiness.

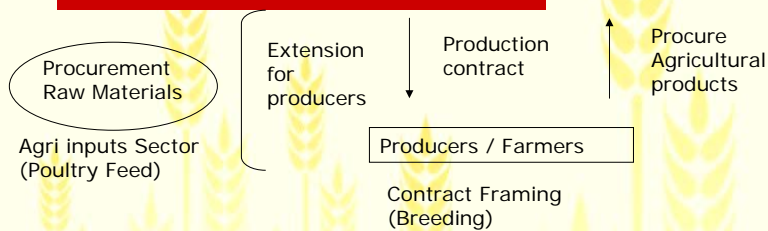
Linkage of Management to Agribusiness – The Need...

- ❑ **Orientation** – from farmer oriented to consumer oriented.
- ❑ **Marketing** – from sale of surplus to strategic target marketing/process & sell
- ❑ **Postharvest Mgmt** – from lack of knowledge & application to usage of technology to produce value added goods.
- ❑ **Production Marketing Network** – marketing was isolated from production, no value addition, now production is guided by marketing strategies, integration of primary & secondary production.



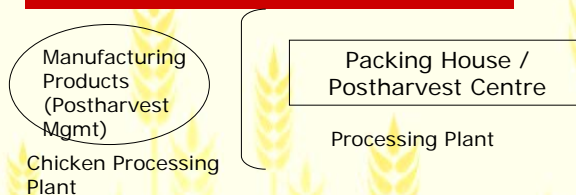
Knowledge Skills & Attitude (KSA)

Level 1- Selling the inputs to the farmers for the next level production (poultry feed to farmers)



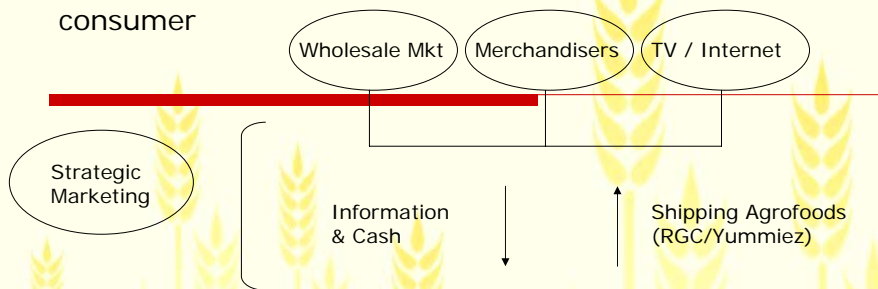
- Technical Knowledge (feed, birds, related information)
- Knowledge of micro finance, the spending pattern & capacity
- Market information is very vital. Rural Marketing strategies would be effective than generic.
- Understanding of the rural market and rural customer is required
- Right attitude is required to deal with the farmers & other technically sound & experienced lot. The passion & rural connect should exist.

Level 2 – the input goes to the postharvest centre (processing unit)



- Technical Knowledge (Processing, processing unit & related information)
- Quality, packaging, Supply chain, Logistics & operations mgmt **including trading** gets emphasized
- Business Finance & finance related to agri enterprises
- Approach should be completely **consumer oriented**
- Excellent People Skills
- Driving and meeting deadlines becomes important as the product is perishable at this level, which was not so at the earlier stage.

Level 3 – Final Product (RGC & Yummiez sold to consumer)



- ❑ Knowledge of the market & the product has to be accurate.
- ❑ Scope for usage of IT increases. Specially in the supply chain for tracibility
- ❑ Marketing strategies differ here as the product is targeted to the urban consumer . The methodology would differ as the number of sources of reaching the consumer increase.

- ❑ Understanding of the urban market and urban consumer is required-consumer insight.
- ❑ Key Account Management holds a lot of importance.
- ❑ Rural connect is not necessary though the awareness of related information is essential.
- ❑ Deadlines become stringent, time management and people management is of utmost importance

Each step in the value chain needs application of Management though it differs at each level & industry

- ❑ Financial Management
- ❑ Marketing Management
- ❑ Supply Chain Management
- ❑ Systems Management
- ❑ Human Resources Management

Financial Management

- ❑ There is a difference in socio economic conditions of urban & rural areas, hence the financial management in agribusiness has to be more specialised.
- ❑ Assessment of profitability and equity
- ❑ Cash flow management
- ❑ Financial analysis
- ❑ Forecasting
- ❑ Working Capital management

Marketing Management

- ❑ Marketing environment of agricultural products is very unique hence the marketing management implications are different to varying degrees from those assumed in standard marketing theory.
 - ❑ A strong emphasis should be on analysing the parameters of markets, products and demand, to identify good marketing management practices for agricultural producers and input suppliers as well.
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- ❑ Marketing of inputs for agribusiness differs from the marketing of output in the value chain as the latter is perishable. Therefore the strategies also should differ.
 - ❑ It should be more consumer oriented. The quality of products as well as packaging has to be given prime importance
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Human Resources Management

- ❑ The challenges are different in Human resources mgmt for agribusiness.
- ❑ Lack of trained manpower availability.
- ❑ The blend of conventional skills and technology has to be developed.
- ❑ The need is to understand and relate to the people and the business.

Understanding of Logistics & Supply Chain Mgmt..

- ❑ Every step in the supply chain is a specialization in itself. The principles of mgmt remain same though the application differs in each step.
- ❑ The focus of the ABM cannot be generic.
- ❑ Application of the management principles to each process requires emphasis.
- ❑ Modern retail formats requires efficient and dedicated supply chain management facilities.

Systems Mgmt

Useful, timely and accurate information
= correct decision making.

Use of IT to achieve efficiencies &
effectiveness in managing the
business

- ❑ Benefits the producer through commodity market deals

Challenges from the macro

- ❑ Government policies
- ❑ Factors affecting the global economy
eg. WTO
- ❑ Change in the trade barriers
- ❑ Issue of dropping percentage of agri
contribution in the GDP

The need of industry...

- ❑ A management graduate needs time to hone the **skills to suit the agribusiness**. Productive value addition doesn't start from day one.
- ❑ What works for the urban area (Developed markets) needs to be 'applied' to the rural
- ❑ Need of the hour is **Adaptation...not Adoption**.

Contd...

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- ❑ Emphasis on **Leadership Training** is required. There has to be a lot of Passion, leading from the front attitude also plays a vital role. as Most of the members would be experienced, technically sound; to lead such a team would be quite a task.
- ❑ Emphasis on **result orientation** thru **execution of plans**
- ❑ Guidelines from the Experts would give an extra edge, eg. New Zealand for Dairy or Netherlands for Floriculture.
- ❑ Student exchange or guest lectures would increase the practicability & would be helpful in understanding the approach.

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- ❑ The blend of classical ways of sales & distribution with technology will be of greater impact.
 - ❑ The approach wherein the benefits of current system being intact, the efficiency & productivity is improved with aid of management principles.
 - ❑ Consumer insights studies should be undertaken & utilized for its valuable inputs.
 - ❑ Study on micro finance will be a great value input.
 - ❑ The service marketing eg. Insurance etc &
 - ❑ project management should be emphasized
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It is necessary to have understanding of:

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- ❑ the public policy framework within which business operates
 - ❑ the necessary business and marketing management techniques
 - ❑ the theoretical framework together with analytical techniques for decision making
 - ❑ Flexibility to incorporate location specific requirements.
 - ❑ Establishing linkages with the industry would also be beneficial.
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- For agri input businesses the main focus should be to produce specialists who have understanding of production technology as well as business aspects of agri-sector.
 - This specialised type of training is even more useful when it comes to dealing with farmers who have been often told of production technologies with very less of **output marketing –e.g.commodity trading**
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Issues

- Paradigm shift
 - Right Attitude
 - The rural connect
 - There is resource crunch and lack of trained manpower
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- Leadership training
 - Project management
 - Sectoral specialisation
 - Trading
 - Micro finance
 - Rural communication