

The new trends of management in the agricultural enterprises

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Abstract

In the course of the last two decades the agricultural enterprises underwent the reasonable organizational changes, restructuring of their managerial structures, in radical way have been changed the ownership's relationships, even more, in significant way had been transformed the requirements on the manager's competencies. Modern organisational and managerial structures were introduced, and moreover, new progressive technologies have been developed. The last mentioned factor and the others, significantly supported the increase of labour productivity both managers and other employees, as well. The objective of submitted paper is to perform the analysis of the development's trends in relation to the managers' competencies, to identify those factors which according of the farm managers represent the key conditions for business success. The results are stemming up from the research carried out in 18 agricultural enterprises having the middle size. The EU accession meant for many agricultural enterprises the need to undergo number of rationalization's measures. From the achieved responses is clear that majority of the enterprises implemented various measures in the field of human resources, in delayering their managerial levels, slimming the organizational structures, new investments and technologies have been introduced, or new diversification programs have been set up. The results confirm that there are meaningful changes in the competency requirements linked to agromanagers's preparedness for their effective performances. Furthermore, significant changes have been noted in relation to the social responsibility. In the surveyed agricultural farms is dominating their concern for environment protection.

Keywords: enterprise, factor, change, management, new trends, social responsibility success, trend

JEL Classification: E240, O180

1. Introduction

For the business company success and competitiveness is immensely important implementation of professional management. With limited knowledge about internal conditions and impacts of external factors, the managers have only limited capacity for qualified managerial decision-making processes, or to use effectively the adequate managerial techniques and tools having in mind the aim to achieve sustainable development of the agricultural enterprises. Transition from centrally planned economy on the market economy, as well as the accession of Slovak Republic to the European Union (EU), this all together represent the changes which in significant way determined the next entrepreneurial development in this sector. In the course of almost three decades the agricultural enterprises underwent through meaningful organisational changes, restructuring of their production structures. Furthermore, ownership changes have been radical; the requirements on the managerial competencies and even the ordinary staff have been continuously adjusted to the new environment. Moreover, the priorities of agricultural enterprises had been re-evaluated, there have been noted changes in organisational and managerial structures, in addition to this, and new techniques, equipment's and technologies have been implemented. This everything,

in significant way from technical and information point of view facilitated the working activities of managerial and other staff. The most important role from this point of view play information technologies.

The objective of submitted paper is in line with above expressed starting points following the intension to evaluate the current status of management in the agricultural enterprises of the Slovak Republic and to carry out the analysis of development trends in the managerial competencies.

2. Literature Review

Current market conditions are highly competitive and they are facing frequent changes. In fact, these challenges are evoking pressures on management, decision-making methods and on the introduction of changes, in order to ensure the successful business strategies. Kreitner (2008) states that: „ Management represents work with people and with them, in order to achieve the set of objectives in changing business environment. “ One of the most recognised authors dealing with organisational changes Kotter (2010) wrote that we live in the era of more frequent changes. In the coming years the space of the changes will speed-up due to the introduction of new technologies, which will influence the all companies. In this respect, the author states that: „ Far better results we can achieve if we will lead the changes, instead of manage them. “ According of Welch (2005), it is important to follow the direction of the changes in the external environment. This is important owing to, that if the change inside of the organisation is smaller as the change in the external environment, then the result is that company falls into the economic depression. Řezáč (2009) is dividing organisational changes' methods on internal, continuous and critical.

New approaches to the management utilisation are connected to the introduction of knowledge management. OECD (2003) defines the knowledge management as purposeful and systematic process at the acquiring, registering, sharing and utilisation of productive knowledge with objective to facilitate education and through it the enhancement of the organisation's productivity. Russell-Wailling (2012) state, that knowledge can lead to the better decision-making results, it supports innovations, increases productivity and creates competitive advantages.

According of Kislingerova (2007), Rydvalová & Rydval (2007) and Kachaňáková (2007), into the forefront of the management are infiltrating new trends, among which are dominating such as project management, new concepts of strategic management, re-engineering, quality management, management of information, flat organisational and managerial structures, outsourcing, insourcing, offshoring, outplacement and new trends in the development and leadership of human resources.

3. Methodology

In the 18 agricultural enterprises had been carried-out the questionnaire survey with intention to explore the current status in the implementation of methods, techniques and managerial tools, in the utilisation of project management, production diversification, the use of the knowledge management and innovation approaches introduced by top managers of the agricultural enterprises. The aim of research is to identify those managerial competencies which according of agro-managers are represent key assumptions for business success and

through their active use the companies could be more competitive. The research was undertaken from April till November 2015.

In to the research, have been included agricultural enterprises with average size 1450 hectares of arable land. 35, 3 percent of them were established more than 30 years ago, 38, 9 percent are the companies which had been originated more than 10 years ago and 14, 7 percent of enterprises are acting in the sector less than 10 years. The number of newly created companies is low with 11, 1 percent.

In the case of questions related to the leadership styles and managerial competencies was utilised statistic Friedman test. The testing result is p-value (Asymp. Sig), which is equal to certain value, if this value is $< 0,05$ (significance level value), the null hypotheses on equality are rejected. In order to achieve the objectives which have been set up, two hypotheses had been defined, both of them are introduced in the results of this paper.

4. The New Trends in the Management of the Agricultural Enterprises

The requirements on the managers of the agricultural companies by the multiplied socio-economic transitions from 1990 are gradually changing. Into the forefront are infiltrated new competencies and in contrary others are withdrawing to backward. Alongside of the transition process from centrally planned to market economy, the great challenge for agricultural sector was its preparation on the EU accession, as well as the impacts of this accession on the overall processes in the agricultural enterprises. The dynamic of these changes was influenced by the global economic development, furthermore, by the volatile prices development of food commodities, financial and global economic crisis, as well as by the economic sanctions against of Russian Federation and visa – versa. As it is above stated, the main objective of this paper is evaluation of the recent state of management and its development trends in the agricultural enterprises of the Slovak Republic.

Stemming from the processed responses of the undertaken survey, in the group of agricultural companies, the largest share is represented by small companies (55, 6 percent) and 11, 1 percent is represented by micro-companies. There is no one large company.

Table 1: The structure of enterprises according of their size

	Frequency	Percent	Valid Percent	Cumulative Percent
Microcompanies	2	11,1	11,1	11,1
Small companies	10	55,6	55,6	66,7
Medium companies	6	33,3	33,3	100
Total	18	100	100	

Source: own results

With regard of the top managers' achieved highest education level, more than 88 percent have university master education, and even more than 11 percent achieved higher level with PhD or MBA degree. These data are documenting good preparation of managers for successful fulfilment of their managerial functions. The very critical is age structure of managers; just five percent of them have age below 50.

In the case of questions focused on the leadership style and requirements on managerial competencies was utilised statistical Friedman test.

The question was as follows: The management is using given leadership style in equal frequency? (autocratic, participative, democratic, liberal). In this question are incorporated four interdependent values. For Friedman test have been selected following hypothesis:

H₀: Management is in equal frequency using given leadership styles.

H₁: Management is not using in equal frequency given leadership styles.

The result of this test is p-value (Asymp. Sig), which is equal to 0,008. Since it is valid that $0,008 < 0,05$, the null hypothesis is rejected. From test is clear that autocratic, participative and democratic leadership styles are used in equal frequency; however, the liberal leadership style is in the practice of surveyed enterprises less frequently applied.

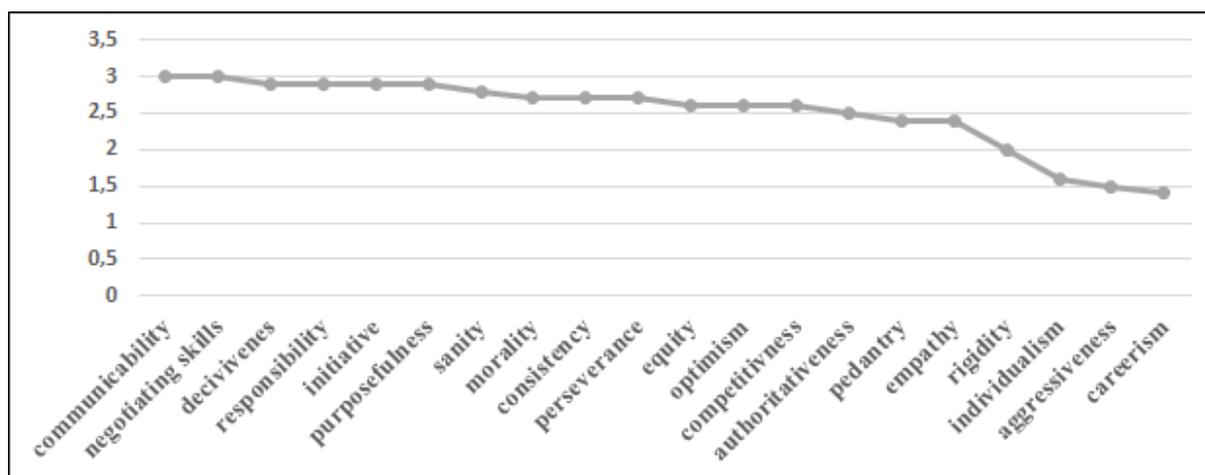
The next analysis was carried-out in the following question: The respondent understands the given managerial competencies as equally important? For Friedman test have been selected following hypotheses:

H₀: The given managerial competencies are equally important.

H₁: Management competencies are not equally important.

The result of the Friedman test is p-value (Asymp. Sig), which is equal to 0,008. Since it is valid that $0,000 < 0,05$, the null hypothesis of equality is rejected.

Figure 1: The importance of the managerial competencies as they are perceived by the managers involved into the survey



Source: own results

From Figure 1 is resulting that the most important managerial competencies according to the managers involved into the research are: purposefulness, communication, negotiating capabilities, decisiveness, responsibility, initiative, prudence, moral, principles, diligence, fairness and optimism.

The surveyed enterprises are implementing simple organisational and managerial structures. This is obviously caused with the smaller size of the surveyed group of enterprises. Dominating is functional organisational structure in the case of 55, 56 percent of enterprises, then follows combined branch/sectorial and functional organisational structure which is benefiting from the strong features of the branch/sectorial and functional organisational structures with share of 27, 78 percent. So far, in the larger agricultural enterprises are maintained some features of the branch/sectorial organisational structures (5, 56 percent) and last but not least is represented product structure, which appeared only in the one case. No one from the complicated matrix structure or projects structures was noted, despite of the fact that

after the EU accession the larger agricultural enterprises are actively involved into the management of the projects.

Strong driving force in the Slovak agriculture is diversification. Even in 94, 44 percent of surveyed enterprises consider diversification as important for maintaining the viability of the production, economic, social and ecological enterprise's functions.

The most frequently discussed question is, whether the membership in the effectively functioning supply and sale cooperatives/associations, would lead to the more effective sales of agricultural products on the commodity markets? With regard of this question, are appearing more opinions. Some of the agro-managers, this kind of solution consider as immensely important due to the opportunity to achieve more balanced price policies, as well as due to better positioning of their products at the markets. Others, especially smaller farmers argue against of it. The enterprises involved into our survey are open to the cooperatives/associations, 66, 67 percent of them take benefits from such a memberships. Two companies are even associated in the multinational alliances focused on the supply and sale activities. Only 33, 33 percent of involved companies are not participating in any cooperatives/association.

The one of the modern trends of contemporary management in industrial companies and in the service sector is the outsourcing. Recent management tendencies are focused more on slim organizational and managerial structures. This is considered as one from the more resolutions that how to save costs in the company and to adjust it to the recent conditions in such a way that it will be more successful at the market. In simplified form under the outsourcing we understand the renting of the activities and services from external firms, instead to produce this kind of activities in the own company. Outsourcing, as such has already penetrated into the agricultural enterprises. From 18 companies, half of them are utilizing this kind of activity.

In Slovak Republic, after the EU accession were introduced by agricultural farms wide range of rationalisation measures. The above mentioned is valid also for the half of the surveyed group. The above measures are as follows:

1. In the more as 50 percent of agricultural enterprises the top managers are realizing different rationalisation measures in the field of human resource management (downsizing the staff number, introduction of new motivation measures etc.), the organisational structures had been adjusted with delayering, simplification of managerial relations, establishment of new managerial or other staff's functions;
2. The new investments have been carried out into the progressive technologies and equipments with intention to decrease the costs and increase the agricultural commodities' prices, the cultivation procedures have been also adjusted (e.g. crop rotation, utilisation of minimization soil processing technologies, environment friendly technologies, animal welfare), new diversification programs had been introduced;
3. The agricultural enterprises became members of the supply/sale associations, in order to increase individual actors' negotiating power at achieving lower input prices and higher output prices (e.g. procurement of feeding components for animal production, for sale of milk, life animal and other products);
4. The significant measures had been applied in the field of energy savings.

The positive development was also noted in the agricultural enterprise 'social responsibility. In their responses managers underlined first of all, their relations to the environment protection. This is about bio-farming, furthermore about crop rotation, implementation of anti-erosion cultivating systems and introduction of good farming practices.

The top managers on the question that where they see the changes and the most significant impacts on their professional competencies after the EU accession, expressed following opinions:

1. Higher level of life long education and more dynamic activities in the agriculture, upgraded professionalism as the consequence of better information flow;
2. Uncertainty in the employment, large competitiveness, daily strives with intention to prevent enterprise in front of recession or bankruptcy, bigger stress and pressure in the job;
3. The requirements to immediately react on the changes in business environment (especially on the frequent changes in legislation) and adaptation on a new external entrepreneurial conditions;
4. Increased demand to accurately perform strategic decision-making processes with regard of financial management and land procurement; furthermore, there is the necessity to pay due attention to the short-term objectives;
5. The permanent pressure on the cost decreasing in order to increase the enterprise competitiveness;
6. The top managers from the surveyed group of enterprises, in positive way perceive after the EU accession bigger stability in the financial flows, owing to the direct payments and in other supporting programs, wider opportunities for benefiting from supporting programs and the free trade area as well as from the free movement of persons.

In relation to the external environment the agricultural enterprises are faced with following challenges:

- Pressure on the higher productivity and upgraded quality of their commodities.
- The imperative is to be flexible with immediate reactions on the quick changes in the business environment.
- Unavoidable, is continuous introduction of new managerial methods, tools and technologies.
- To take active part on the life-long education activities.
- To introduce new managerial and operational methods in order to be well prepared on the changes at the market and its organisation, what is stemming from new specific forms of the supply/sale relationships.

4. Discussion and Conclusions

Slovakia's EU accession meant for many agricultural enterprises necessity to implement various rationalization measures. From the research is stemming out the conclusion, that at least half of the enterprises are realizing different measures, especially in the field of human resource management, organizational structure, new diversification programs, enterprises entered into the various associations/cooperatives. Numerous measures had been undertaken in the field of energy savings.

The most important conclusion of the above survey is the fact that age structure of recent top managers acting at the farms, is too high; there is the urgent need for change. The older managerial staff deserves the full recognition and respect, due to its active involvement into the transition process as well as due to preparation the sector on the EU accession. However, there is the ultimate time, to leave their recent top managerial positions, in order to free them to younger more dynamic generation which will take up the full responsibility for the future development of this sector. However, it is important to highlight, that this new generation will

be also at least so much enthusiastic for its profession as it is in the case of outgoing generation.

In line with authors Kotter (2010) and Kreitner (2008) the results of undertaken survey confirm that also surveyed group of agricultural enterprises is faced with permanent organizational changes. In this respect, the knowledge management is more utilized by the agro-managers; this is in line with claims of Russel-Wailling (2012), OECD (2003). Managers are actively involved into the various education activities, respectively they require from their subordinates to take intensive part on different internal or external educational programs. This refers mainly to the project management, agricultural extension and environment protection. For agricultural enterprises is characteristic delayering and more flat organizational structures, decreased number of employees, they do prefer employees working on temporary contracts during the harvesting periods or during the pick seasons. The enterprises are using outsourcing, also they do implement some of the management quality 'systems. The last is in line with results of authors Kislíngerová (2007) and Rydval & Rydvalová (2007).

The agricultural enterprises have to deal with pressures on the cost decrease, they have to upgrade the outputs and their quality, they are obliged to adjust the human, technical and financial resources to the changing legislation and overall external environment, to adapt on the changes at the market organization and to introduce specific forms of supply/sale relationships, to introduce strategic alliances among the partner organizations and to in continuous way to develop new management methods and take part on education programs.

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