

SUCCESSFUL MANAGING AS FACTOR FOR THE DEVELOPMENT OF AGRIBUSINESS

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Abstract

Improvisation and intuition in the decision making process is over and done with. Information as a resource component has a direct impact on the decision making process. Management approximates the activities which anticipate the requirement and which are essential for the realization of company's goals. The aim and the purpose of this work are to prove the genuine knowledge that is present in the managerial process of planning, development and achievement of positive results in agribusiness.

Two trends appear for the managers in the decision making process: absorption of knowledge by means of which the decision making process will be successful and based on previous realization of the factors in the decision making process and in the establishment of compatible relation with managerial issued decisions and the requirement. The notion of management is presented as a system by means of which the business functioning comprises the activities that appear as an imperative in the process of requirement satisfaction and accomplishments of the goals. Agribusiness is specific. Agribusiness' singularity is initiated by the quick changes that are happening in the sphere of business and the stochastic process that in some occasions is unpredictable and unknown in relation to the offers and the requirements of agro products.

Agribusiness is different from other fields of work. The production of agro products is specific for its essential and existential features. The question that paradigmatically arises is: How much impact has the successful managing on the agribusiness success? Managing is set as a priori factor which directly enters into the pores of functioning representing the models that should be used for successful agribusiness. The adoption of management methods, actions and activities

has a direct impact on the economic efficacy and economic effectiveness.

Key words: *Agribusiness, Management, Information, Decision making, Decision-making factors, Offer, Requirement.*

1. Introduction

The proper defining of the management concept is the basis for constructing the business function which encompasses the activities for achieving the company goals. Management decisions in agribusiness are made with the aim of establishing compatibility between the potential business and the demand of products and services. Management decision cannot be made separately, but in coordination with the remaining business functions characteristic for the agribusiness environment.

Management decisions result from information. The process of their gathering and processing is a complex process. The process is accompanied by risk conditions which in agribusiness are expressed not only through the market, but also through the natural factors, thus increasing the system complexity when making decisions.

The agribusiness has its specificities in functioning which primarily stem from the specificities of the difference imposed by the organisational factors. The divergence in the management process occurs following the complexity and orientation of the agro-industrial potentials. The proper defining of the organisational structure, the placement of the adequate types and processes of management are the foundations for

constructing the true direction which is aimed at for achieving total consistency and the aspect of proper functioning.

The management process in the agribusiness area in the Republic of Macedonia occurs in several specific forms. The management process has to be included in all activities positioned as basic principles in agribusiness. The establishment of total balance between the management skills and the available resources is *a priori* factor towards which the management model should strive and be founded.

2. Basic principles in the process of agribusiness management

Management in agribusiness is carried out through the application of corresponding rules, use of identified principles and application of appropriate techniques. From a functional point of view, this process can be generally divided as presented in Figure 1 [2].



Figure 1. Basic concepts of management
(Source: M. Stevanovski [2])

Planning gives answers to several questions: with whom?, with what?, how?, when? and where?, so the goal is achieved. Planning is the beginning of each action in agribusiness, during which the basic initial project frame directed towards the realization of the goal is produced.

Organising is required in order to achieve the goal in agribusiness. Organising covers the process of delegating the tasks previously recognized and established in the planning phase. These tasks refer to the level of individuals or groups.

Realization includes the direct process of fulfilling the previously set tasks in agribusiness through the working process, the exchange of matter, energy and information with the surrounding and satisfying one's own aims and needs.

The control function is directly realized through:

- Gathering data and information giving insight into the business plans realization.

- Methodology of comparing the realized and the planned in order to establish the deviant areas.
- Passing control mechanisms for performing the process of modification and directing the goal achievement.

2.1 Possible forms of management model in agribusiness

The management model in agribusiness shows all the basic elements of the business process. The compatibility between the elements, their understanding, establishing of balance between them is the basic principle which all participants in the management process strive towards.

Profit is the basic element onto which the organisation operation focuses in the area of agribusiness. Profit determines the goal of the organisation. Three fundamental organisational tasks are directed towards profit: goal, productivity and social responsibility. The basis of these fundamentals is: determining the goal (which leads the process of the organization operations), linking and productively managing the resources in accordance with social responsibilities, Figure 2 [2].

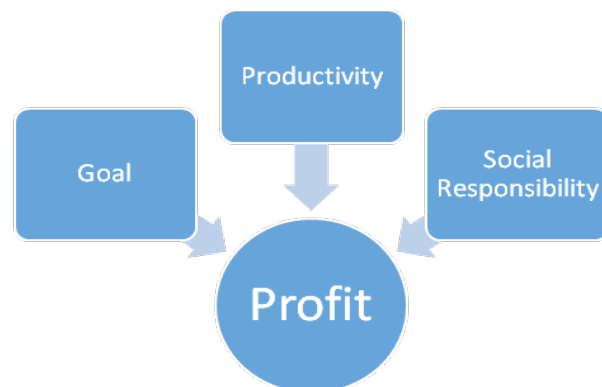


Figure 2. Management model in agribusiness
(Source: M. Stevanovski [2])

In order to understand all these crucial elements, we shall explain and elaborate them separately.

2.1.1 Profit

Creating profit is the aim of every organisation. The managers in agribusiness present it as a realistically achievable category. Profit can relatively objectively be determined by using various types of calculation methods. However, the level of profitability that the agro-company achieves is a largely subjective category. The achievement of the main goal is related to several elements existing in the organisation, upon which management can have relatively small influence. These elements are particularly expressed in agricultural organisations having in mind the specifics of their operation.

Nevertheless, viewed in simple terms, it is best for all internal business factors in the organization to do their job as best as they can in order to achieve the business goal: maximum use of the company resources, proper division of work between the employees for directing the working process towards achieving the goal.

The views of the managers and the employees should, in general, be compatible since they participate in the process of creating added value, thus having a direct influence on the profitability of the company.

In order to have a proper approach towards treating the problems directly related to profit, it is necessary to fulfil some conditions which have influence on profitability:

- Continuity in creating profit.
- Company development.
- Safety of employees and shareholders.
- Ability and possibility for research and development.
- Possibility for increasing the social wellbeing.

2.1.2 Goal

In order for the company in the area of agriculture to function properly, it needs to formulate the following [1]:

- Business goal.
- Manner of establishing the goal.
- Manner of measuring productivity.
- Responsibility for implementing the goal, especially personal responsibility and the manner it is presented to the public with which communication is established.

The goal should not be only mentally set in the minds of the managers, but it should also be communicated to the subordinates. They have to familiarize themselves with the goal in order to direct their efforts towards its achievement.

The goal represents the fundamental values of the company's existence giving answers to the questions: Why does the company exist? How will the company exist? Each employee should direct its business activities towards achieving the goal, and invest his/her individual values in creating the company values.

For the goal to be accepted by the employees, it is necessary for the several consistent conditions to be fulfilled:

- Be clearly and simply expressed in order to be understandable to all.
- Be logical, i.e. correspond to reality in which the company performs its activity.
- All employees get to know the goal through various procedures and ways of communication.
- The goal serves to control the passing of the crucial decisions.
- The goal needs to be achievable.

The goal is established directly according to the business conditions. The agribusiness has its specificities, and therefore the goal cannot be defined before performing complete research of the market, the surrounding and the condition characteristic for them. Through the research methods we can establish for the process of forming the business goal.

2.1.3 Productivity

Productivity is defined as a relation between the total production and the weighted average of invested inputs. Each company strives towards the process of increasing productivity. However, there are a series of factors which can thwart the process of increasing productivity. Such factors include:

- Decreasing the investments in capital equipment.
- Decreasing the investments in research and development.
- Increasing the costs.
- State measures which directly affect the business operations.
- Increased time period for acquiring business skills by the employees.
- Lack of creativity and innovation.
- Decreasing the motivation of the employees, etc.

Although productivity is an economic category, nevertheless it includes a human dimension. Low productivity causes a string of negative effects upon the entire operation and activity in the market, especially expressing its influence in agricultural markets. The decrease in productivity increases the product unit costs. In order to compensate the costs it is necessary to increase the price of the products, i.e. the services. This creates unfavourable price competition which the competitors use to increase its influence in the market through implementation of favourable price strategy. The increased price causes a series of negative influences in the long run which the company can endure with difficulty. The market conditions because a line of repercussions on the agrarian conditions which in various ways reflect upon the success of the company.

In order to improve the agribusiness components having a direct influence on the productivity, it is necessary for several productivity characteristic elements to exist, such as: proper investment, business-oriented thinking, proper management and adequately invested labour.

2.1.4 Social responsibility

The organization in the area of agribusiness does not perform its activity within a closed system, on the contrary, it exchanged matter, energy and information externally and internally with the surrounding inside

and around it. The relation which the managers have cannot be viewed at an internal level only, but also at an external, social surrounding.

The need of additional financial investments leads to the appearance of investors which invest their capital in order to make a profit. For that aim they prefer to have influence over the work of the company. This process leads to change in the organisational structure and enables the influence over the social surrounding and the work of the companies.

In order to lower the risk of the investors, business analysts appear which work on behalf of the investors, directing their capital in the investments which, on one hand, are not highly risky and on the other, are sufficiently profitable. The managers of the companies act upon the analysts with the aim of getting their attention. The analytical functions are particularly expressed in contemporary conditions where special attention is paid to the development of agricultural activities. All types of financial advantages and investments occurring require analytical support and structural insight so as to pass adequate decisions.

The second factor playing a role in creating the business structure, directly included as a factor of surrounding, is the organisation of the workforce. The unions appear as a highly ranked factor having its influence on the companies, protecting the rights of the employees from the agricultural sector.

The third factor is the media. They work on discovering all those processes leading to groundless enrichment on the part of individuals, representing all positive and negative sides of the business activities. At the same time they serve as the basic means for informing about all the activities happening in agriculture. Through the media coverage managers get to know all positivities which are offered as financial instruments in agriculture.

The market, the place where supply and demand meets, is also an important factor. These economic factors are especially evident in the agro-industrial products market, implementing their components with a direct influence on the prices of products and services.

Each business organization performs its function in a dynamic surrounding. The changes in the surrounding have direct or indirect influence upon the entire operation of the business entity. Permanent analysis and research enable for all uncontrolled variables which directly or indirectly act upon the quality of work to be reduced to an acceptable level.

The continued adjustment of the strategy according to the requirements of the surrounding enable the organisation to realize a key element in its own development and existence through a stable development and integration of its own goals and interest with the interests of the surrounding.

The business entity mainly models two concepts defining its relation towards the surrounding, as follows:

- Passive approach towards the surrounding influences.
- Active approach towards the surrounding influences.

The organization accepts the passive approach as something which it cannot affect, thus adjusting to the changes dictated by the surrounding.

Through the active approach the organization tries to act upon the surrounding in order to adjust its own interests in accordance with the interests of the surrounding.

The threats from the surrounding represent a challenge posing an unfavourable trend or development through which the position of the organization can erode if adequate actions are not undertaken.

Globally, the surrounding can be divided into [3]:

- Internal surrounding.
- Micro-surrounding.
- Macro-surrounding.

The internal surrounding is found inside the organization. It is composed of those components which exist in the organization. The micro-surrounding is made up of all the components with which the organization is connected through the business.

The macro-surrounding constitutes a surrounding which with its different variables affects the operations of the organization, as well as its micro-surrounding.

2.2 Overall discussion

Agribusiness has its specificity in operation and given the fact this organizational structure in agricultural companies is different. Agro business specific within the agricultural production because it includes many activities that are directly related to the production of products without that wildlife cannot exist. It is different to diverge in the smoothest agro business. By definition of organizational structures and the smoothest get direction for establishing adequate management which leads to a complete form of frenetic conception.

Management process in agro business need to be actively involved in the global processes that are set as a priori factor in the functioning of companies in the field of agriculture. In order to establish the correct process operation is needed to achieve compatibility and equilibrium between management skills and resources available.

With the introduction of analytical decision making, use of information systems as a basis for obtaining relevant information, the concept of tested models and methods, synchronization of all management activities, leading to quality in the management and decision-making.

3. Conclusions

- Management in agribusiness appears as *a priori* factor which directly acts upon all shapes and forms characteristic for this kind of economic activity. The implementation of a proper process of management and the application of the latest scientific and practical knowledge contribute to the development of the agribusiness.
- The management decisions in the area of agribusiness are made in order to establish compatibility between the potential of the company and the demand for products and services. They not only act upon the consumers of products and services, but upon all organisations and institutions which constitute the management system. The management decisions are directed towards the realization of the goals, and in order for them to be realized, there needs to be coordination with the other business functions within the organization.
- In order for the management in agribusiness to be accepted in simplified terms, it is necessary to create a model which will fulfil all conditions for achieving the company goal. The basic task that presents itself before every manager, including the agribusiness managers, is the application of the acquired knowledge for specific situations with the aim of efficiently managing the companies in the area of agricultural activity.

4. References

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